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*Earlier sittings relate to the consideration of the Accounts of the Govt. of Himachal Pradesh and Railways.

**Nineteenth to Thirtieth sittings relate to the consideration of Accounts of the D.V.C. and Defence Services.

***The Appendices referred to in the body of the Report are being printed separately as Volume II of this Report.

PUBLIC ACCOUNTS COMMITTEE 1958-59

*Shri N. G. Ranga—*Chairman.*

MEMBERS

2. Dr. Ram Subhag Singh
3. Shri Arun Chandra Guha
4. Shri N. R. M. Swamy
5. Pandit Jwala Prasad Jyotishi
6. Shri Rameshwar Sahu
7. Shri T. Sanganna
8. Shri Upendranath Barman
9. Shri Prabhat Kar
- †10. Shri Raghubar Dayal Misra
11. Shri H. C. Dasappa
12. Shri Khushwaqt Rai
13. Shri N. Siva Raj
14. Shri Aurobindo Ghosal
15. Shri Jaipal Singh
16. Rajkumari Amrit Kaur
17. Shri Amolakh Chand
18. Shri T. R. Deogirikar
19. Shri S. Venkataraman
20. Shri M. Govinda Reddy
21. Shri Rohit Manushankar Dave
22. Shri M. Basavapunnaiah.

SECRETARIAT

1. Shri S. L. Shakdher—*Joint Secretary.*
2. Shri V. Subramanian—*Deputy Secretary.*
3. Shri M. C. Chawla—*Under Secretary.*

* Shri N.G. Ranga was appointed as Chairman of the Committee on the 11th September, 1958 for the unexpired portion of the term of the Committee ending on the 30th April, 1959 *vice* Shri T. N. Singh, resigned from Lok Sabha.

† Elected on the 23rd September, 1958 *vice* Shri T.N. Singh, resigned from Lok Sabha.

INTRODUCTION

I, the Chairman of the Public Accounts Committee having been authorised by the Committee to present the Report on their behalf present this 11th Report on the Appropriation Accounts (Posts and Telegraphs) 1955-56 and Audit Report 1957 (Part II).

2. The Appropriation Accounts (Posts and Telegraphs) 1955-56 and Audit Report 1957 (Part II) were laid on the Table of the House on the 11th September, 1957. The Committee examined these Accounts etc. at their sittings held on the 30th and 31st July, 1958. The recommendations of the Committee in regard to the excess in Grant No. 6—Posts and Telegraphs Expenditure met from Revenue—as disclosed in these Accounts have been incorporated in Para 7 of their Ninth Report which was presented to the House on the 9th September, 1958.

3. The Committee have in the past commented *upon the delays on the part of Government in taking disciplinary action against delinquent officials.* Despite this, a number of cases have again come to their notice where considerable delays have occurred in finalising departmental action against the delinquent officials; in certain cases such officials have retired from service before disciplinary proceedings were launched against them and in others disciplinary proceedings were initiated only after the Committee had suggested such action.

The Committee deplore this state of affairs. The departments are expected to investigate the irregularities as soon as they come to their notice and take suitable action against delinquent officials.

In the course of their examination of certain cases involving serious financial irregularities which merited both departmental action and simultaneous prosecution for alleged criminal misconduct reference to which has been made in the later part of this report, their attention was drawn to the orders issued in Ministry of Home Affairs, Office Memorandum dated 7-6-1955, by which disciplinary action by the Departments concerned against delinquent officials could proceed with criminal prosecution *pari passu*. *Long delays in taking departmental action in such cases is not in the financial interests of the State as it involves payment of avoidable substantial subsistence allowance. The Committee trust the Posts and Telegraphs Department would look into the matter and impress upon their subordinate offices the necessity of prompt and adequate disciplinary action.*

*Para 4 (Introduction)—Twenty-second Report.

Para 3 (Introduction)—First Report (Second Lok Sabha).

(iv)

4. The examination of the Posts and Telegraphs Accounts was conducted under the Chairmanship of my predecessor, Shri T. N. Singh. The Committee place on record their sense of appreciation of his work.
5. A brief record of the proceedings of each sitting of the Committee has been maintained and forms part of this Report (Part II).
6. A statement showing the summary of the principal recommendations of the Committee is appended to the Report (Appendix II).
7. The Committee place on record their appreciation of the assistance rendered to them in their examination of these Accounts by the Comptroller and Auditor-General of India.

NEW DELHI;
Dated the 1st November, 1958.

N. G. RANGA,
Chairman,
Public Accounts Committee.

POSTS & TELEGRAPHS DEPARTMENT

I

CONTROL OVER EXPENDITURE

Financial Working of the Posts & Telegraphs Department

The following table shows the original and final grants and charged appropriation and expenditure actually incurred against each during the year 1955-56:

(In lakhs of Rupees.)

	Original grant or Appropria- tion	Final grant or Appropria- tion	Actual Expenditure
Total Expenditure met from revenue			
Voted	48,85	49,10	49,11
Charged	2,37	2,37	2,21
Total expenditure met from Capital			
Voted	26,03	26,03	22,46
Totals :—			
Voted	74,88	75,13	71,57
Charged	2,37	2,37	2,21
GRAND TOTAL	77,25	77,50	73,78

As the Grants and Appropriations are for gross amounts, the above details do not include the recoveries which are adjusted in the accounts in reduction of expenditure. Total actual recoveries against all grants and appropriations are given below.

Actuals

Voted	17,52
Charged	2,53

2. There was thus a saving of Rs. 3,72 lakhs or about 4.8% over the total final grant and appropriation during the year under review as against a saving of about 6% in 1954-55 and about 0.5% in 1953-54.

3. *Savings on Voted Grant and Charged Appropriation:*

There was a saving of Rs. 16,89 lakhs or 7.1% under the charged appropriations.

The sanctioned appropriation was Rs. 237.44 lakhs against which the revised estimate framed in January 1956 was put at Rs. 226.16 lakhs, thus anticipating a saving of Rs. 11.28 lakhs. A further saving of Rs. 2.63 lakhs was anticipated in the finally modified estimates (March 1956), which was put at Rs. 223.53 lakhs. *The savings of Rs. 13.91 lakhs were, however, surrendered only on the last day of March, 1956.*

The saving under Capital Grant No. 108 amounted to Rs. 356.5 lakhs or 13.7% of the sanctioned grant of Rs. 2602.78 lakhs. The revised estimate framed in January 1956 was fixed at Rs. 2549.94 lakhs anticipating a saving of Rs. 52.84 lakhs. The finally modified estimates (March 1956) were put at Rs. 22,96.26 lakhs thus anticipating a further saving of Rs. 253.68 lakhs. The total savings of Rs. 306.52 lakhs were surrendered only in the last week of March 1956.

On an enquiry by the Committee why the above savings could not be anticipated a little earlier than March, the representative of the Posts and Telegraphs Department stated that as a result of corrective action taken during the last two or three years, the final provision was now known by November and December. As against the 13% savings under Grant No. 108 in 1955-56, the saving under the same grant in 1956-57 was only 2% and these were expected to be less than 1% in 1957-58.

In the case of Capital Grant, the following analysis would show that no expenditure was incurred on 421 out of 750 works costing more than Rs. 1 lakh each for which substantial funds were obtained. Apparently funds were asked for schemes before they were ready for execution.

1	2	3	4	5
Buildings . . .	319	1,78,45,800	257	1,08,89,900
Lines & Wires . .	256	1,80,61,000	92	75,76,200
Apparatus & Plant . .	175	2,59,65,500	72	54,34,400
TOTAL . .	750	6,18,72,300	421	2,39,00,500

Further 409 major works (75 related to Buildings, 178 to Lines and Wires and 156 to Apparatus and Plant) involving an Outlay of

Rs. 42.58 lakhs were executed during the year without any specific provision; the corresponding number for the years 1954-55 and 1953-54 being 655 and 868 respectively.

4. *The Committee pointed out that despite the assurance given to them when they examined the Posts and Telegraphs Accounts for 1953-54 (c.f. para 3 of the 22nd Report) that with the enhancement of the ceiling for minor works, the number of such non-budgeted works would decrease in future years, no perceptible improvement has been noticed by the Committee in the year under report.*

5. In extenuation, it was stated by the representative of the Posts and Telegraphs Department that out of 409 works, 400 involving Rs. 29.25 lakhs were works which had been approved by Parliament in previous years and completed but in respect of which some adjustments of expenditure incurred in previous years had been carried out and brought into accounts in the year 1955-56. Out of the remaining nine works, some were departmental works of emergent nature, which were not shown in the Demands for Grants, but executed with the concurrence of the Ministry of Finance. In the other cases, the major works were approved by Parliament but the expenditure was incurred under a different sub-head other than the one anticipated. It was added that as compared to 1951-52, there had been a gradual decline in 1956-57 in the number of cases involving expenditure of large sums of money on works without budget provision.

The Committee are not convinced of the reasons put forth in this case. In their opinion, the standards of accuracy in budgeting in the Department are below expectations. Maintenance of Liability Registers in the form laid down by the Ministry of Finance for other civil Departments would prevent cases of expenditure without provision being made.

From a note furnished to the Committee at their instance (*Appendix I) the Committee observe that instructions had been issued to all Heads of Circles, etc. on 30th November, 1955 for the maintenance of Liability Registers. As, however, only 16 of the 32 controlling units had complied with these instructions, further instructions were issued on 19th August, 1958.

The Committee desire that a watch should be kept to see that instructions issued by the D.G.P. & T. are invariably followed by all Heads of Circles and Controlling Units and there is no laxity in such matters.

6. *Major works carried out without sanctioned estimates—Pages 213 of the Account—Note 2—Item (iii).*

According to the instructions issued by the Director General, Posts and Telegraphs in September, 1952, no work should be undertaken

without prior financial sanction, except in emergent cases. The Committee note from the statement regarding Capital works that there were nine instances where expenditure had been incurred without sanctioned estimates in contravention of those instructions. In this connection the Committee drew the attention to para 13 at page 9 of the First Report of the Public Accounts Committee 1957-58 (Second Lok Sabha), wherein the Director General, Posts and Telegraphs, informed the Public Accounts Committee in July, 1957, that since the issue of the above orders no case had come to his knowledge. The representative of the Department stated that out of these nine works seven had since been sanctioned and two had been abandoned.

The Committee would like to be informed when they next take up examination of the Posts and Telegraphs Accounts, the number of cases in which action has been taken by the D.G.P. & T against the Engineering officers concerned who were responsible for violating the instructions issued by him in September, 1952.

II

LOSSES, NUGATORY EXPENDITURE, FINANCIAL IRREGULARITIES AND OTHER TOPICS OF INTEREST

Compensation for losses—Para 13 of Audit Report

7. Payments on account of compensation to the senders of insured and other articles, lost or damaged in transit are not booked under head "Losses etc., written off" but are charged off separately under "Miscellaneous Post Office Expenses" in the accounts of the circle in which they occur. Recoveries if any are credited to the revenue receipts in the accounts of the circle concerned.

During the year under report, a sum of Rs. 2,42,965 was paid to various parties as compensation for the insured and other articles lost or damaged in transit. Departmental Officials were responsible for about 22 per cent of the loss suffered by the Department on payment of such compensation as against 37 per cent during the previous year. About 39 per cent of the amount of compensation attributed to negligence or dishonesty of the Departmental Officials was ordered to be recovered from the officials concerned. No responsibility has yet been fixed in respect of Rs. 22,217 paid as compensation, which represents about 9 per cent of the total loss.

The net amount of loss on account of payment of compensation was about 4·8 per cent of the total amount of insurance fee realised by the Department during the year, which was about the same as in the previous year.

8. In the course of evidence, the representative of the P. & T. Department drew attention to the difficulty in fixing responsibility in respect of the sum of Rs. 22,217 paid as compensation owing to many cases still pending in courts or under police investigation which stood in the way of finalising departmental action against the persons concerned. According to him the recent instructions of the Ministry of Home Affairs were that in cases of fraud, abstraction or manipulation of accounts, etc., departmental action should not be initiated where the case had been handed over to the Police. Further that in each of the cases referred to in the Audit para, they could not suspend a person just because of a minor act of contributory negligence. They could suspend an employee only when a substantial charge had been levelled against him. The statement made by the representative of

the Posts and Telegraphs Department was contradictory to what had been earlier stated by his predecessor before the Committee.*

Further under Rule 12 of the Central Civil Services (Classification Control and Appeal) Rules, 1957 a Government servant could be placed under suspension where an enquiry into his conduct was contemplated or was pending or a complaint against him of any criminal offence was under investigation or trial.

9. In this particular case, the Committee would point out the recommendation made by them in Para 13 of their 13th Report that the existing procedure for disposal of disciplinary cases, which require that in every case when a criminal act was in question, the departmental proceedings should not be held up pending the result of the criminal prosecution, needed revision, as it led to delay which helped the delinquent officials to escape punishment. This recommendation had been accepted by the Ministry of Home Affairs and necessary changes had been made by them in the existing procedure, [c.f. Appendix XXII of the 22nd Report of the P.A.C. (1956-57)]. *The Committee are surprised why the departmental witness should be oblivious of these decisions.*

10. The Committee next looked into the reasons for frauds in Savings Banks Accounts and thefts of insured articles and enquired what steps had been taken to prevent the recurrence of such cases. The representative of the Posts and Telegraphs Department stated that at this stage when efforts were being made to popularise the small savings campaign, introduction of more checks and stricter supervision would retard the progress of the campaign. He added that the Small Savings Committee set up by Government were already endeavouring to improve the security of the scheme without affecting its popularity. The Posts and Telegraphs Department is considering the revision of the Savings Bank procedure in Post Offices in consultation with Audit with a view to both safeguarding the interests of the State and effecting simplifications in the procedure for the convenience of the depositors (Appendix XLI). *The Committee would like to watch the results of the working of the revised procedure being introduced by the Posts and Telegraphs Department.*

11. As regards the thefts of insured articles, the Committee were informed that the Department was satisfied with the working of the existing system of insurance.

*The following sentence appears in para 106 of their 22nd Report, 1956-57 :

“The representative of the D. G. Posts and Telegraphs informed the Committee that the revised procedure for instituting departmental proceedings against Government servants involved in criminal misconduct without waiting for judgement of the Court had been brought into force since October, 1955 and all cases which arose after that date were being dealt with in accordance

From a note (Appendix* II) furnished giving comparative percentages of cases of defalcations, losses etc. where departmental officials were involved in respect of the years 1955-56 and 1956-57, the Committee note that the percentage of officials involved in such cases was 40.27 in 1955-56 and 40.11 in 1956-57. *The Committee are not, therefore, happy at the complacence of the Ministry. They feel that the existing procedure requires to be tightened up to bring down the percentage of losses due to Departmental lapses.*

Grainshops—Para 14 of Audit Report

12. The Fair Price Shops which were opened for the supply of food stuffs, etc., to Government servants at controlled rates were closed down during 1954-55.

The net loss, *viz.*, Rs. 2.16 lakhs sustained by the Department in the running of the shops in all the Circles during the post-partition period from the 15th August, 1947 to their closure in 1954-55 was reported to the Department for obtaining orders of the Government for writing it off. Out of this, sanction for write off of Rs. 8,993-4-6 has been issued. The orders of the Government for the write off of the balance are awaited.

13. In evidence, the Committee were informed by the representative of the Ministry of Transport and Communications that not much headway had so far been made in writing off the balance of the net loss mentioned in the Audit Para. The Financial Adviser stated that the case had been referred to him only recently.

14. *The Committee do not see any justification for the delay in this case. They desire that the matter should be settled speedily as otherwise it would be difficult for Government to take necessary action with regard to losses. They desire that before sanctioning the write off of the loss of Rs. 2.16 lakhs sustained by the Department in the running of the shops, the Ministry of Finance should satisfy themselves about the causes leading thereto and also whether responsibility for acts of commission and omission on the part of the staff concerned has been fixed and disciplinary action taken against them. The Committee would like to be informed in due course of the further developments in this case.*

Postal Life Insurance Organisation—Para 17 of Audit Report read with Appendix 4

15. In para 69 of their First Report on the accounts for 1948-49, the Public Accounts Committee suggested that the Postal Insurance Organisation after its transfer from the Audit Department to the Posts and Telegraphs Department should be run on commercial lines and that a balance sheet in respect thereof duly countersigned by the Audit Officers be appended to the Commercial Appendix to the Appropriation Accounts.

According to the Audit Report, the balance sheets were to be prepared after the fund was divided and valuation of Pakistan policies completed. As an interim arrangement, statements showing (i) the business of the Post Office Insurance Fund, (ii) the policies issued, discharged, lapsed and surrendered and (iii) receipts and payments during 1955-56 together with the Financial Review on the working of the Fund during the year and audit comments thereon have been exhibited in Appendix 4 of the Accounts under report (Pages 228—244).

16. In evidence it was stated that the question of bifurcating the Revenue Account of the Fund on the basis of the Life Insurance Fund as on the 14th August, 1947 was being pursued and a provisional balance sheet had already been drawn up. Further, considerable progress had been made in the clearance of arrears in (i) posting of unadjusted items to the Ledger Accounts and (ii) classification of accounts and the consequent arrears in the maintenance of Broadsheet and other records of Civil wing of the Fund.

17. *The Committee would like to watch the results of the steps taken to clear these arrears through the next year's Audit Report.*

III

OUTSTANDING *RECOMMENDATIONS

Loss due to delay in reaching decisions—para 18 of the 22nd Report

18. In this case delay of 9 years in reaching a decision to acquire two plots of land resulted in an unnecessary expenditure of about Rs. 35,000. The Public Accounts Committee (1956-57) had held the view that the officers concerned in this case had failed to appreciate the urgency.

19. In evidence, it was stated that the delay occurred because the Ministry of Communications could not get certain information from the Postal Circle where this matter seemed to have been dealt with at a lower level. *The Committee deplore the manner in which matters which were to be dealt with by senior officers at their level are being allowed to take their usual course. They stress that senior officers should take quick and prompt decisions, especially in cases involving financial implications.*

Item 11—Misappropriation of the value of Money Orders by an Extra-Department Branch Post Master—Para 32 of 22nd Report.

20. In para 32 of their twenty-second Report, the Committee desired to be apprised of the results of the departmental action and of the appeal preferred in the High Court by the Post Master who was reported to have misappropriated a sum of Rs. 17,700 being the value including commission of Money Orders tendered by "Toddy Licencees" at the Post Office for remittance to the Superintendent of Excise. The Committee had also suggested that a procedure should be evolved whereby Posts and Telegraphs Department could get, at regular intervals, a report from the various Government Departments of cases of non-receipt of payments collected by the Post Offices on their behalf.

21. The Committee were informed in a note (Appendix III) that the Post Master was dismissed from service with effect from 30-4-56 and that action against other delinquent officials was in progress. As regards the improvement in procedure the Committee were informed in a note (Appendix IV) that a suitable procedure had since been evolved in consultation with the Ministry of Finance for reporting periodically to the Superintendent of Post Office concerned cases of non-payment of Money Orders sent to the Central Excise and Customs Authorities by the licencees for prompt investigation and that the Ministry of Finance

*See Appendix (I) containing the Statement showing action taken or proposed to be taken on the Outstanding recommendations relating to P. & T. Accounts etc. as revised and brought up-to-date

had issued instructions on the subject. *The Committee desire that periodical report about the practical working of this procedure should be called for by the Posts and Telegraphs Department from the Central Excise and Land Customs Collectorates.*

Item 12—Loss due to abandonment of works—Jabalpur Foundry Project—Paras 36 and 37 of the 22nd Report.

22. A total expenditure of Rs. 6,84,500 had been incurred upto the end of 1954-55 on the construction of a manually operated Foundry in Jabalpur started in 1945. The decision to start working the Foundry from January, 1955 was taken and raw materials worth Rs. 3,69,000 were obtained. But the scheme was abandoned in February, 1955. The Committee of 1956-57 were informed that proposals for utilisation of the Foundry shed in the Telegraphs Workshop at Jabalpur had been put up before the Workshops Board. The Committee desired to be informed about the final outcome of the examination of the proposal and the circumstances in which Chief Engineer advised the General Manager, Posts and Telegraphs Workshops to postpone the operation of the Foundry. The proposal for the abandonment of the Foundry in February, 1955 was not referred to the Ministry of Finance.

The Committee considered the Memorandum (Appendix VI) furnished by the Ministry in this case. The latest position (September 1958) with regard to disposal of the raw materials and plant and machinery and the utilisation of the floor space of the Jabalpur Foundry were stated to be as follows:—

- (i) *Raw Materials:* All raw materials originally procured for Jabalpur Foundry and which had become surplus would be utilised by the P. & T. Workshops. The important items requiring disposal are pig iron, steel, coal and limestone. The latest position in regard to these items is given below:—
- (a) *Pig Iron:* There was a total stock of 1098 tons of pig iron at Jabalpur on the 7th August, 1958 and it is being sent gradually to the Alipore Workshops where it will be consumed in about $3\frac{1}{2}$ months at the rate of 300 tons per month. About 650 tons of pig iron has already been sent to the Alipore Workshops.
- (b) *Steam Coal:* The present stock at Jabalpur is about 500 tons. This will be utilised at Jabalpur for normal consumption in the Workshops at Jabalpur and will be consumed in about a year.

(c) *Lime Stone*: The disposal of lime stone is presenting some difficulty as there is little prospect of local disposal since Jabalpur is in lime stone area. It is proposed to transfer the stock of lime stone to Calcutta after working out the economics of the proposition.

(ii) *Plant and Machinery*: (a) The following items of plant and machinery which had become surplus as a result of the abandonment of the Foundry Project at Jabalpur are proposed to be utilised at the P & T Workshops,

Alipore:— Nos.

(1) M. S. Cupolas (5 tons)	..	..	two.
(2) Rumbling Barrels	..	..	two
(3) Moulding Boxes	..	..	One set.
(4) Blower Set	..	..	One

(b) The following items of surplus plant and machinery cannot, however, be utilised in the Posts and Telegraphs Workshops and it is proposed that they should be disposed of through the D.G.S. & D:—

No.

(1) Cupolas (5 tons)	..	..	Two
(2) Cupola (3 tons)	..	..	one
(3) Soorkey Mill	..	..	one
(4) Goods Lift	..	..	one

The proposal for the disposal of the items has been approved by the P. & T. Workshops Board. The necessary allocation estimates in regard to the disposal of these items have also been prepared. Necessary action for according Government sanction for the disposal of these items is being taken separately.

(iii) *Floor Space*: The Floor space of the Foundry Shed at Jabalpur is being fully utilised to store M.S. Sheets, Ammonium Chloride and other miscellaneous items of stores of the P. & T. Workshops at Jabalpur.

23. This case discloses considerable want of careful planning on the part of the persons, in the Posts and Telegraphs Department, responsible for the formulation of this Project. They have noted that the same officer who had put forth proposals for the starting of the Foundry advised within a year, that the scheme might be abandoned. The Committee would like to be informed of the final outcome of the disposal of the surplus materials and of the plant and machinery as well as the ultimate loss to Government on the abandonment of this Project which was obviously ill-conceived and the action taken against the concerned officers.

Item 13—Alleged Fraudulent Transaction in regard to the issue and discharge of Post Office Certificates—Embezzlement of the sale proceeds of the Postal Certificates—Misappropriation of the sale proceeds of the Certificates—Paras 38—47 of the 22nd Report.

24. In their Twenty-second Report, the Committee had dealt with certain cases of frauds, embezzlements and misappropriations in which officials of the Posts and Telegraphs Department were involved. They desired to be informed of the result of disciplinary action taken against the officials concerned. In a note (Appendix VIII) furnished to the Committee, it has been stated by the Posts and Telegraphs Department that in the case referred to in para 38 of the 22nd Report, orders had been passed for recovery of Rs. 8,108.50 nP. from six officials concerned. In the absence of any corroborative evidence no action could be taken against the Seventh official.

As regards the cases referred to in paras 41—47 of the above Report, it has been stated in notes (Appendices IX, X, XI and XXVII) that disciplinary proceedings have been finalised in all the 12 cases; four persons have been warned and censured, recovery of Rs. 3456-2-0 ordered from four persons and 4 let off. In one case, after deciding to recover an amount of Rs. 2,280 from an employee, it was waived by the Post Master-General in his capacity as appellate authority as the charges were not in his opinion proved against the official.

25. *The Committee are concerned at the delay in taking action in regard to disciplinary proceedings against guilty officials. In certain cases, it had taken 6 to 9 years to arrive at a final decision while in some other cases sterner action would have been more appropriate considering the gravity of the charges. By such delays, the guilty officials are enabled or allowed to retire from service by the time responsibility is fixed.*

Item 14—Alleged Misappropriation of cash by a Treasurer of a Post Office—Paras 53 & 54 of the 22nd Report.

26. In paras 53 and 54 of their twenty-second Report, the Committee had desired to be informed of the action taken against the officers as a result of whose negligence a sum of Rs. 24,578/- of Government money had been misappropriated.

27. In a note submitted by the Ministry (Appendix XIV) the Committee were informed that action against 13 out of 18 officials involved in this case had been finalised. *Further certain suggestions for tightening the procedure for handling cash and stamps in the Heads and Branch Post Offices, were under the consideration of the D.G., P. & T. and final orders would be issued in due course. The Committee should be apprised of the progress made in this case.*

*Item 16—Unsatisfactory store-Accounts in the P. & T. Department—
Para 60 of the 22nd Report.*

28. In para 60 of their Twenty-second Report the Committee had expressed concern about the dilatory manner in which the problem of clearing the arrears in store-accounts was being tackled, and desired the fixation of a target date for completion of this work.

29. In evidence, it was, stated by the representative of the Ministry that the reconciliation of the discrepancies of balances in the price ledgers had been completed upto 1956-57 but 7,128 items relating to the year 1957-58 were still pending.

30. *The Committee regret to note that the target dates fixed for the clearance of these arrears were not being adhered to in spite of the fact that this matter had been pending for the last few years and the Committee had expressed their concern over this. They trust that by the time they take up examination of the next year's Accounts the arrears would be wiped off.*

Items 17 & 18—Defective Stock-verification and delay in disposal of discrepancy statements and Irregularities in auction sale of stores—Paras 62 and 66 of the 22nd Report.

31. In para 62 of their Twenty-second Report, the Committee had desired to be informed about the progress of disciplinary action against officials responsible for submitting 'Nil' discrepancy statements without actually verifying stock.

In para 66 *ibid* the Committee also desired to be informed about the disciplinary action taken against the officials responsible for the serious procedural irregularities.

32. The Committee note (Appendix XV) that in the first case the stockholders concerned had been warned in the first instance and as a result of further review censured. In the second case, (Appendices XVI to XVIII), one Assistant Engineer had been removed from service with effect from 12th February, 1958 and another censured. Stockholders concerned had been warned.

33. *The Committee trust that in all such cases, the censure, warning etc., is recorded in the Confidential Reports of the officers concerned.*

Item 19—Stock position—Paras 69 to 71 of the 22nd Report.

34. In paras 69—71 of their Twenty-second Report, the Committee had emphasised the desirability of speedy disposal of all surplus stores and *inter alia* suggested that the disposal procedure should be reviewed with this object in view. The Committee were informed that only Rs. 0.77 lakhs worth of stock declared surplus was in hand.

35. The Committee understand from the Comptroller and Auditor-General of India that the Surplus Stores Committee had not been functioning well. They would like to watch as working through the next Audit Report:

Item 27—Excess payment of labour wages in Engineering Divisions—Para 5 of 1st Report (Second Lok Sabha).

36. In Para 5 of their First Report (Second Lok Sabha), the Committee had suggested an investigation of the payments to labour in certain Engineering Divisions of the U.P. Circle at rates higher than local rates without recording any reasons therefor and the fixing of the responsibility on the persons concerned. The Committee were told at that time (4-7-1957) that the Post-Master General, U.P., had been asked to fix the responsibility on the persons concerned.

37. In a note dated the 14th September 1957 (Appendix XX) furnished to them in the first instance, it was stated that while the Post-Master General, U. P. Circle was seized of the matter, two officers and a senior subordinate who were considered to be responsible for the irregularities had retired from service on 3-1-56, 17-11-56 and 1-8-55 respectively. In a subsequent note dated the 8th July, 1958, (Appendix XXI) it was stated that on the basis of the report received from the Post-Master General, U. P. Circle, the explanations from one Director of Telegraphs, 2 Divisional Engineers and one Assistant Engineer and 2 L.D. C.s were called for. The explanations from 3 officials had been received while those from other 3 officials were still awaited. *Thus even after the lapse of about 10 months, the case remained at its preliminary enquiry stage although in this case the excess payment involved was Rs. 1,51,000.*

38. The Committee view with strong disfavour the manner in which this case has been dealt with by the Posts and Telegraphs Department. They desire that the case should be processed more expeditiously and a report submitted to them by the end of January next.

Calcutta Telephone Automatisation Project—Remunerativeness—Para 15 of the Director-General's Financial Review read with Item 43—of the Statement of Outstanding recommendations (Appendix I).

39. In para 61 of their Tenth Report, the Public Accounts Committee had asked the Ministry of Finance (Communications) to examine the effect of delay in the execution of the project on its remunerativeness and submit a note to them in this respect. The Committee of 1957-58 considered this question further and called for further information with regard to the detailed break-up of the capital outlay, working expenses, revenue receipts and the profit for the years 1952-53 to 1956-57 in respect of this Project.

40. The Committee examined the statement showing the detailed break-up (Appendix XXII) from which it was revealed that though the number of new connections given during 1955-56 was 4,623, the

profit in that year showed a decline as compared to the figures for the preceding three years when the number of new connections given was comparatively less.

In evidence, the representative of the Posts and Telegraphs Department stated that while taking charge of the Calcutta Telephones, the assets were taken over at a highly depreciated value and, therefore, the working expenses were extremely small. In the process of replacement of old exchange equipment by new ones requiring a total capital of about Rs. 14 crores, the capital cost went up at an accelerated pace. The additional revenue would take sometime to materialise. This will be a temporary phenomenon and would soon disappear. In fact the profit in 1956-57 which was Rs. 25 lakhs was going up. He added that once the capital programme of expansion of this Project was completed, every new connection would mean additional revenue.

The Committee would like to watch the results of the financial working of the Project through the successive Audit Reports.

Item 22—Introduction of an effective Cost Accounting system in the Posts and Telegraphs Workshops—Para 23 of the 1st Report (Second Lok Sabha).

41. The Public Accounts Committee, (1956-57) were informed that a Cost Accounts Officer had been appointed to study the system of cost accounting in the Posts and Telegraphs Workshops and considerable progress had been achieved in the preparation of labour and material schedules. The Committee of 1957-58 were not satisfied with the state of cost accounting in the Posts and Telegraphs Workshops.

In evidence it was stated that the Cost Accounts Officer who was appointed in April, 1956 started actual work only in September, 1956 and there were 2,669 items of stores manufactured in Alipore Workshops alone and that out of this, the Cost Accounts Officer had only 131 items left to examine. As regards percentage of variable and invariable overheads, the General Manager, Posts and Telegraphs Workshops observed that the overheads for each of the Workshops at Calcutta and Jabalpur had been separated and consequently they were able to allocate the cost to the proper heads. The other step which they proposed to take was to put down the overheads of the various shops in Jabalpur as well as in Bombay and this they were doing with effect from 1st October, 1958.

As regards the average overheads percentage for the 3 Workshops, the Committee were informed that in the Bombay Workshop, it would be the highest being of the order of 320%. In Jabalpur it would also be about the same and in Calcutta a little less.

42. The Committee are of the opinion that the progress made has been rather slow considering the results achieved during the period of

two years since the appointment of the Cost Accounts Officer. They hope that by the time they take up examination of the next year's accounts, all the items would have been reviewed completely and the schedules drawn up.

43. As regards the overheads, the Committee feel that they are rather high. They learn that the P. & T. Department have been able to secure some orders from the Railway Department. While by increased production it would be possible to bring down the incidence of overheads on the end products, the Committee would emphasise the need for gradual reduction of the overheads to a regulated figure and thus reduce the cost of production.

IV

INDIAN TELEPHONE INDUSTRIES (P) LTD.

Indian Telephone Industries (P) Ltd., Bangalore—Para 43 of Audit Report (Civil) 1957 Vol. I, Sub-para (1)—Large amounts of outstanding book debts.

44. The book debts due to the Company as on 31st March, 1956 amounted to Rs. 229.42 lakhs, a large portion of which was due from the Posts and Telegraphs Department. *The amount of bills outstanding for more than a year was Rs. 71.20 lakhs as on 31st March, 1955, while the amount of bills outstanding for more than two years on this date was Rs. 22.70 lakhs.* As a result of these large outstanding dues, the Company was compelled to borrow money both from Government and the Bank and had to pay interest charge of Rs. 1,06,500 during 1954-55 of which Rs 61,800 was the payment to the Bank.

45. The following statement set forth the amounts of outstanding book debts and the loans raised by the Company from the Government of India and the State Bank of India during the last 4 years ending on 31-3-1958:

	As on 31-3-55	As on 31-3-56	As on 31-3-57	As on 31-3-58
	Rs.	Rs.	Rs	Rs
Outstanding Sundry Debtors	3,04,96,334	2,29,42,306	2,16,42,754	1,28,11,322
Loans from Govt of India	51,84,200	51,84,200	63,84,200	75,84,200
Over-draft from State Bank of India	51,98,279		62,58,838	10,85,687

The total interest paid or accrued upto 31st March 1958, on Government of India and State Bank of India loans is Rs. 8,56,685 and Rs. 5,41,685 respectively.

Out of the total Book debts amounting to Rs. 1,28,11,322 outstanding on 31st March, 1958, a sum of Rs. 92,71,372, i.e. more than 72% is due from the Posts and Telegraphs Department. The above outstandings relate to the following periods:

	Rs
(a) More than one year (Bills issued upto 31-3-57)	. . . . . 16,74,446.
(b) More than two years (Bills issued upto 31-3-56)	. . . . . 32,88,434
(c) More than three years (Bills issued upto 31-3-55)	. . . . . 10,25,590
(d) Less than one year (Bills issued during 1957-58)	. . . . . 68,22,852
TOTAL	1,28,11,322

46. In the course of evidence the representative of the Ministry explained that the position had since improved and on 1st July, 1958, the outstanding against the Posts and Telegraphs Department was Rs. 61.6 lakhs only. The Posts and Telegraphs Department had been making quick payments since last year. The representative of the I.T.I. observed that whatever interest the I.T.I. paid to the Banks it had to be added to the cost and the Posts and Telegraphs Department had to pay it indirectly.

47. *The Committee are unable to understand why there are such heavy outstandings against the Posts and Telegraphs Department.* According to the agreement between the Posts and Telegraphs Department and the I.T.I., 90% of the value on the basis of the I.T.I. delivery challan had to be paid to the I.T.I. Apparently this is not being followed. They learn that the Railways and Defence Ministries have agreed to make 100% payment as soon as bills were sent after despatch of materials by the I.T.I. *It is surprising why the Posts and Telegraphs Department, (also a commercial Department) the principal customers of the I.T.I., should not make payment for the supplies made to it by the I.T.I. like these Ministries.* The Committee desire that the Posts and Telegraphs Department should issue instructions to all the units indenting stores from the I.T.I. that they should settle the bills from the I.T.I. expeditiously. *In any case payment of bills of the I.T.I. by the Posts and Telegraphs Inspection Units situated at the I.T.I. should be settled on a cash and carry basis.*

Loss—Sub-para (3) of para 43 of Audit Report (Civil), 1957.

48. In December, 1954, a quantity of 1,369 gallons of varnish purchased by the Indian Telephone Industries in previous years was declared unsuitable for use as it had been kept in stock for a much longer period than its normal shelf life of only six months. The varnish was disposed of in auction on 20th January, 1955 and 21st March, 1958 for a sum of Rs. 1,055 resulting in a loss of Rs. 34,960 which had to be written off.

The dates of receipt of varnish and its consumption are given below:

<i>Receipt of varnish</i>		<i>Consumption of varnish</i>	
Date	Quantity	Date	Quantity
15-12-50	400 gallons	1950	5 gallons
2-6-51	95 ,,	1951	65 ,,
12-6-52	200 ,,	1952	30 ,,
11-8-52	400 ,,	1953	90-7/24 ,,
22-12-52	395 ,,	1954	75-1/8 ,,
	125 } ,,		
9-1-53	30 ,,	..	..
TOTAL .	1,645 gallons	Total	265-5/12 gallons

49. The Secretary to the Ministry (who is also the Chairman, Indian Telephone Industries) stated in evidence that though the actual monthly average consumption was only 0.7 gallons, the Consultants and Collaborators of I.T.I. had put it at 3.6 gallons. An explanation was called for this variation. But in the meanwhile the varnish got spoiled on the shelf.

When asked why they purchased 400 gallons in 1950 when the actual consumption was only 5 gallons, *the Managing Director, Indian Telephone Industries, admitted that there was lack of co-ordination and it was not necessary to order all the quantities of varnish during these years. Further, they had not at that time introduced stock control procedure.*

50. *The Committee trust that such a lack of co-ordination in the working of the various wings of the I.T.I. would not recur in future. The Indian Telephone Industries should also frame realistic estimates of their replacement of such materials to be kept in stock as these are subject to deterioration quicker.*

NEW DELHI;
Dated the 1st November, 1958.

N. G. RANGA,
Chairman,
Public Accounts Committee.

PART II

**Proceedings of the Sittings of the Public Accounts
Committee held on the 30th and 31st July and
1st November, 1958.**



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PROCEEDINGS OF THE SEVENTEENTH SITTING OF THE
PUBLIC ACCOUNTS COMMITTEE HELD ON WEDNESDAY,
THE 30TH JULY, 1958

51. The Committee sat from 10.00 hours to 13.05 hours.

PRESENT

Shri T. N. Singh—*Chairman.*

MEMBERS

2. Dr. Ram Subhag Singh
3. Shri Arun Chandra Guha
4. Shri N. R. M. Swamy
5. Shri Rameshwar Sahu
6. Shri T. Sanganna
7. Pandit Jwala Prasad Jyotishi
8. Shri Upendranath Barman
9. Shri Prabhat Kar
10. Shri N. G. Ranga
11. Shri H. C. Dasappa
12. Shri Khushwaqt Rai
13. Shri N. Siva Raj
14. Shri Aurobindo Ghosal
15. Shri Jaipal Singh
16. Shri T. R. Deogirikar
17. Rajkumari Amrit Kaur
18. Shri S. Venkataraman
19. Shri Rohit Manushankar Dave.

Shri A. K. Chanda, *Comptroller & Auditor General of India.*

Shri A. Kalyanaraman, *Deputy Comptroller & Auditor General.*

Shri Kali Charan, *Accountant General, Posts & Telegraphs.*

SECRETARIAT

Shri V. Subramanian—*Deputy Secretary.*

Shri M. C. Chawla—*Under Secretary.*

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WITNESSES

Ministry of Transport and Communications

(Department of Communications and Civil Aviation)

Shri M. M. Philip, *Secretary*.

Shri D. C. Das, *Joint Secretary*.

Directorate General, Posts & Telegraphs

Shri Shankar Prasad, *Director General, Posts & Telegraphs*.

Shri R. C. Vaish, *Chief Engineer (P & T)*.

Shri C. V. Cunningham, *Sr. Deputy Director General, (P & T)*.

Shri P. M. Agerwala, *Chief Engineer (Planning, P & T)*.

Shri B. D. Sud, *General Manager, Posts & Telegraphs Workshops*.

Ministry of Finance

Shri S. S. Shiralkar, *Financial Adviser (Communications)*.

Shri R. Saran, *Deputy Secretary (E.A. Division)*.

(Shri R. G. Kamath, Chairman, Public Accounts Committee, Mysore Legislative Assembly accompanied by Shri Thimappa Gowda, Assistant Secretary, Mysore Legislature was also present to watch the proceedings.)

52. The Committee took up consideration of the Appropriation Accounts (Posts and Telegraphs) 1955-56 and Audit Report, 1957—Part II.

Savings on Voted Grant and Charged Appropriation Grant Nos. 6 & 108.

53. There was a saving of Rs. 16.89 lakhs or 7.1 per cent under the charged section of Grant No. 6. The savings of Rs. 13.91 lakhs were surrendered only on the last day of March, 1956.

Similarly, the savings under Capital Grant No. 108 amounted to Rs. 356.5 lakhs or 13.7% of the sanctioned grant of Rs. 2602.78 lakhs. Savings of Rs. 306.52 lakhs were surrendered only in the last week of March, 1956.

The above savings were stated to be the result of several causes such as execution of a lesser number of works than anticipated, non-receipt of stores, smaller expenditure under stores suspense, reduction in interest charges etc.

The Committee wanted to know why such savings could not be anticipated a little earlier than March. The representative of the Posts and Telegraphs Department stated that as a result of examination of accounts, they had been able to take corrective action during

the last two or three years by foreseeing the final position sometimes in the month of November and December. As against the 13% savings under Grant No. 108 in 1955-56, the savings under the same Grant in 1956-57 was only of the order of two per cent and these were expected to be less than 1% in 1957-58. Thus the difficulties that were inherent in 1955-56 accounts were reduced and the variations would not be as large in future.

Excess over Voted Grants—Grant No. 6

54. The original Voted Grant provided for an expenditure of Rs. 48,85,41,000. This was supplemented by another grant of Rs. 25,00,000 obtained on 20th March, 1956 mainly for making increased contribution to the Telephone Development Fund as a result of larger collections of advance rentals under the "Own Your Telephone Scheme." This supplementary grant, however, proved to be insufficient and there was actually an excess expenditure of Rs. 1.01 lakhs under this Grant.

The representative of the P & T Department stated that this excess was mainly due to allowances, honoraria and other payments to staff, sporadic traffic increases, increased expenditure on postage stamps and post cards, on stores and workshops etc. Elucidating the matter further, he stated that matters pertaining to the question of allowances etc. of the staff remained quite indefinite for a long time as they affected other departments and services of the Government of India. Such decisions were sometimes taken extremely late in the year.

The Committee drew attention to the note [Appendix IV of the Ninth Report (Second Lok Sabha)] submitted by the Director-General Posts and Telegraphs explaining the circumstances leading to the above excess. The P. & T. Department had contended that had it not been for the excess collection under the 'Own Your Telephone Scheme', there would have been no net excess expenditure.

The Committee enquired the details of the accounting procedure followed in the case of the advance rental collections under this Scheme. The representative of the P. & T. Department stated that under the 'Own Your Telephone Scheme', advance rentals (at the rate of Rs. 2,500 per connection in Bombay and Calcutta and Rs. 2,000 in other places) were realised to cover the capital cost of the telephone connection. The advance rentals thus realised were credited to revenue receipts, while an equivalent amount was contributed from Working Expenses to the Telephone Development Fund created for the purpose of financing the capital expenditure incurred for extension and development of telephone services. In other words, the entire amount thus collected was capitalised and this fund was earmarked for the development of telephones.

*Calcutta Telephone Automatisation Project—Page 11, para 15 of the Director General's Financial Review read with item 43 of the *Statement showing action taken or proposed to be taken on the outstanding recommendations of the P. A. C.*

55. The Committee pointed out that in the statement (Appendix XXII) showing the break-up of the capital outlay etc. of the Calcutta Automatisation Project, the profit in respect of the year 1955-56 had been shown as Rs. 19.14 lakhs although the number of new connections given had been stated as 4,623. They wanted to know the reasons for this decline in the profit as compared to the figures for the preceding three years when the number of new connections given was comparatively less.

The representative of the P. & T. Department stated that while taking charge of the Calcutta Telephones, the assets were taken over at a highly depreciated value and, therefore, the working expenses were extremely small. *In the process of replacement of old exchange equipment by new ones requiring a total capital of about Rs. 14 crores, the capital cost had increased in a higher proportion to the additional revenue expectations.* Thus the profit margin had gone down in the first instance. Once this optimum limit had been reached, the exchanges would yield more profit. In case of Calcutta, this limit was reached in 1955-56. Referring to the statement *ibid*, he pointed out that the profit in 1956-57 was Rs. 25 lakhs and it had been going up. He maintained that once the capital programme of expansion of this Project was complete, every new connection would mean additional revenue.

In reply to a question, the representative of the P & T Department stated that the rate of depreciation allowed in the case of Telephone equipment ranged between 4 to 4.50% on the capital outlay.

56. The Committee then discussed the rationalisation of the rate structure for telephone traffic. The representative of the P & T Department informed the Committee in this connection that Government had appointed a Departmental Committee to examine the telephone rate structure etc. That Committee, he said, had considered *inter alia* the future capital structure of the Department, the amount of contributions to be made either to the 'Renewals Reserve Fund' or to the 'Telephone Development Fund.' The Committee desired that a copy of this report as also action taken thereon by Government should be furnished to them as soon as ready.

In reply to another question, the representative of the P & T Department stated that since the commencement of the First Five Year Plan, they had increased their assets in the Telephone Branch by four fold, *but they had not been able to cope with the growing demand in the country owing to the industrial development during the Second*

Five Year Plan. He stated that this capacity was limited very largely not by the lack of demand but by the lack of resources.

Compensation for losses—Para 13 of Audit Report, Page 30.

57. During the year under report, a sum of Rs. 2,42,965 had been paid as compensation to the senders of insured and other articles, lost or damaged in transit. The Committee noticed from the statement showing detailed analysis of this amount given in Appendix I of the Accounts under consideration that *Departmental official were responsible for about 22% of the loss suffered by the Department on payment of such compensation as against the corresponding percentage of 37 during the previous year.* About 39 per cent of the amount of compensation paid on account of negligence or dishonesty of the departmental officials was ordered to be recovered from the officials concerned. No responsibility had yet been fixed in respect of Rs. 22,217 paid as compensation which represented about 9% of the loss.

58. When asked about the difficulty in fixing responsibility in respect of Rs. 22,217 paid as compensation, the representative of the P & T Department stated that many cases were either pending in the court of law or were under Police investigation and in such circumstances it was not possible to finalise departmental proceedings against the persons concerned. The Committee, however, drew attention to the recommendation made by them sometime back that the existing procedure for the disposal of disciplinary cases, which required that in every case when a Criminal act was in question, *the departmental proceedings should not be held up pending the result of the criminal prosecution, needed revision, as it led to delay and helped the delinquent officials to escape punishment.* This recommendation, it was pointed out, had been accepted by the Ministry of Home Affairs and necessary changes had been made by them in the existing procedure. The representative of the D.G., P & T, however, averred that only recently they had received instructions from the Ministry of Home Affairs that in cases of fraud, abstraction or manipulation of accounts etc. where a case had been made over to the Police, departmental action should not be resorted to at once.

Attention of the representatives of the P & T Department was then drawn by the Committee to para 106 of the 22nd Report of the P.A.C. wherein it was stated that the revised procedure as envisaged by the Committee (briefly referred to above) had been brought into force since October, 1955. It was pointed out that the present statement of the representatives of the P & T Department ran counter to what had been earlier stated by them. The representative conceded that they had no intention whatever of resiling from that position. But they felt the need of some flexibility in the observance of the revised procedure.

On the matter being pressed further, the representative of the P & T Department stated that when an employee was prosecuted in a court for dishonesty, they could suspend him pending the decision of

the court. They could not, however, suspend a person just because of a small act of contributory negligence on his part. They could suspend a person only when a substantial charge had been levelled against him*.

59. When asked to indicate the number of cases disposed of or where the police investigations had been completed, the representative of the P & T Department stated that no responsibility was fixed in respect of Rs. 22,217. He promised to furnish the detailed breakup of the amount. To another question, he replied that in many cases, the officers involved were still in service and in some cases they had retired. On the Committee pointing out the increase in the percentage of fraud cases, etc., for which departmental officers were responsible, the representative promised to furnish a note giving percentage of officials involved and the comparative figures for the last two years.

In view of the cases of fraud on savings banks accounts and of theft of insured articles, the Committee wanted to know whether these cases were merely due to the dishonesty of the officials or due to some lacuna in the procedure which made detection of frauds difficult in time.

60. In regard to Savings Bank Accounts, the representative of the P & T Department stated that they were endeavouring to build up the small savings campaign and any precautionary measures such as more checks, intensive supervision, etc. would necessarily result in a certain measure of slowing down of the campaign and making it less popular. He added that they had set up a Small Savings Committee who were already seized of this problem and were endeavouring to find the best means of increasing the security without affecting the popularity of the system.

61. So far as the insurance system was concerned, the representative of the P & T Department stated that the Department was generally satisfied that the existing system was working well. *Government did not contemplate introducing a system by which they could have re-insurance for the articles which had been insured in the Post Office so that the losses that might arise on account of theft or destruction could be compensated through reinsurance coverage.*

Government Telephones Board (Private) Limited Page 11, para 16 of the Director General's Financial Review.

62. The Committee were informed that the Bombay Telephone Company had been liquidated in March, 1958 and that the Government Telephone Board would shortly go into liquidation.

*On the 31st July, 1958, the C & A.G. read out to the Committee the Rule, [Rule 12 of the Central Civil Services (Classification, Control and Appeal) Rules, 1957] under which an officer could be placed under suspension even when merely an enquiry into his conduct was contemplated.

Page 29—para 11(4) of the Audit Report.

63. This para relates to the execution of 409 major works involving an outlay of Rs. 42.58 lakhs without any specific provision in the budget.

The representative of the P & T Department explained that 400 out of 409 works amounting to Rs. 29.25 lakhs were works which had been approved by Parliament and which had been executed and physically completed but in which some adjustments of expenditure relating to the previous years had been carried out and brought into proper accounts in this particular year under report. Out of the remaining 9 works, some were departmental works of an emergent nature which were not shown in the Demands for Grants and for which Parliament's sanction had not been taken. But these were executed with the concurrence of the Ministry of Finance. In the other cases, the major works were approved by Parliament but the expenditure was incurred under a different sub-head other than the one anticipated. He assured the Committee that there had been a gradual decline in the number of cases involving large sums of money without provision in the budget from 1126 in 1951-52 to 305 in 1956-57.

When the representative explained the practical difficulties experienced in a large majority of cases where expenditure was adjusted on completed works in subsequent years, the C & A. G. suggested the maintenance of a 'Liability Register' in respect of each work as enjoined by a circular issued by the Finance Ministry.

64. The Committee then referred to the list of items appearing at pages 211 and 212 of the Audit Report where the progressive expenditure on certain major works exceeded the sanctioned cost of works by more than 10%. The representative of the P & T Department explained that it was due to two reasons viz., (a) rise in the cost of materials and (b) change of specifications during the progress of the work or in the early stages of its execution.

Page 213—Note 2—Item (iii) of Appropriation Accounts (P & T), 1955-56.

65. This statement brings out nine instances where expenditure was incurred without sanctioned estimates. The representative of the P & T Department stated that out of these nine works, seven works had been sanctioned and two had been abandoned. There was only a question of issuing either a revised formal sanction for the work or when the cost of the work went beyond 10%, it had to be re-sanctioned again.

Grain Shops—Page 30—Para 14 of Audit Report, 1957.

66. The Committee understood that not much headway had so far been made in writing off the balance of the net loss referred to in this para. The Financial Adviser, however, promised to take quick action in this regard.

Postal Life Insurance Organisation—Pages 31-32, para 17 read with Appendix 4 Pages 228—231.

67. The Committee desired that the P & T Department should examine the question as to why the percentage of expenditure of the Postal Life Insurance Organisation was comparatively higher on the civil side than in the military wing.

In reply to a question, the Committee were informed that the question of bifurcating the Revenue Account of the Fund on the basis of the Life Insurance Fund as on 14th August, 1947 was being pursued and a provisional balance sheet had already been drawn up.

Considerable progress had also been made in the adjustment of items of arrears referred to in para 3 at page 232 of the Appropriation Accounts.

The Committee then adjourned till 10 A.M. on Thursday, the 31st July, 1958.

PROCEEDINGS OF THE EIGHTEENTH SITTING OF THE
PUBLIC ACCOUNTS COMMITTEE HELD ON THURSDAY,
THE 31ST JULY, 1958

68. The Committee sat from 10.00 to 13.10 hours.

PRESENT

Shri T. N. Singh—Chairman.

MEMBERS

2. Shri Arun Chandra Guha
3. Dr. Ram Subhag Singh
4. Shri N. R. M. Swamy
5. Pandit Jwala Prasad Jyotishi
6. Shri Rameshwar Sahu
7. Shri T. Sanganna
8. Shri Upendranath Barman
9. Shri Prabhat Kar
10. Shri N. G. Ranga
11. Shri H. C. Dasappa
12. Shri Khuswaqt Rai
13. Shri N. Siva Raj
14. Shri Aurobindo Ghosal
15. Shri Jaipal Singh
16. Shri Amolakh Chand
17. Shri T. R. Deogirikar
18. Shri S. Venkataraman
19. Shri Rohit Manushankar Dave
20. Shri M. Basavapunnaiah

Shri A. K. Chanda, Comptroller and Auditor General of India, New Delhi.

Shri A. Kalyanaraman, Deputy Comptroller and Auditor General.

Shri Kali Charan, Accountant General, P. & T.

Shri S. Venkataraman; Accountant General, Central Revenues.

Shri P. N. Bhandari, Director of Commercial Audit.

SECRETARIAT

Shri M. C. Chawla—Under Secretary.

WITNESSES

*Ministry of Transport and Communications**Department of Communications and Civil Aviation*Shri M. M. Philip, *Secretary*.Shri D. C. Dass, *Joint Secretary*.*Directorate General, Posts and Telegraphs*Shri Shankar Prasad, *Director General, Posts and Telegraphs*.Shri R. C. Vaish, *Chief Engineer (P. & T.)*.Shri C. V. Cunningham, *Sr. Dy. Director General (P. & T.)*.Shri P. M. Agerwala, *Chief Engineer (Planning), (P. & T.)*.Shri B. D. Sud, *General Manager, Posts & Telegraphs Workshops*.*Ministry of Finance*Shri S. S. Shiralkar, *Financial Adviser (Communications)*.Shri R. Saran, *Dy. Secretary (Dept. of Economic Affairs)*.*Indian Telephone Industries (P) Ltd., Bangalore*Shri Jagdeesh Prasad, *Managing Director*.

[*Shri R. G. Kamath, Chairman, Public Accounts Committee, Mysore Legislative Assembly, accompanied by Shri Thimappa Gowda, Assistant Secretary, Mysore Legislature, was also present to watch the proceedings.*]

POSTS AND TELEGRAPHS DEPARTMENT

Statement showing action taken or proposed to be taken on the Outstanding Recommendations

Loss due to abandonment of works.—Item 12.—Paras 36 & 37 of the 22nd Report.

69. The Committee considered the Memorandum (Appendix VII) furnished by the Ministry of Transport and Communications (Department of Communications) in this case and wanted to know the action taken on the observations made by them in their 22nd Report.

The representative of the Ministry stated that all the raw materials originally procured for the Foundry were being utilised by the P. & T. Workshops themselves except steam coal (worth about Rs. 10,560) and limestone valued at about Rs. 9,800. The steam coal, he said, would actually be used in place of Smithy Coal in view of the general shortage of the latter. The limestone might deteriorate in course of time. As regards the utilisation of the surplus machinery, he stated that out of 5 cupolas, two would be utilised at Alipore workshops. The balance would be disposed of through the D. G. S. & D. Similarly the Soorkey mill and the other goods left would be disposed of through

the D. G. S. & D. while the rumbling barrels would be utilised. The Committee, however, sounded a note of caution that care should be taken to ensure that the D.G.S. & D. did not dispose of the cupolas in question to a firm from whom these might be purchased later on by Government.

On his attention being drawn that the Memorandum furnished to the Committee did not make any mention about the point raised earlier by the Committee that the proposal for the abandonment of the Foundry was not even referred to the Ministry of Finance, the representative of the Ministry of Transport and Communications (Department of Communications) stated that he found in the files only a record about discussion at a high level where the Financial Adviser (Communications) was himself present. He could not say why the file was not formally referred to the Ministry of Finance. He admitted that a slip had been made in this case.

70. Referring to the proposal to set up a workshop at Maithon, the representative of the Ministry stated that it was dropped as the Damodar Valley Corporation had pleaded their inability to give them the site and building as originally agreed to by the latter.

As regards the setting up of an additional workshop somewhere else, he stated that it was not so urgent now due to a shrinkage of work.

Referring to the investments of the Jabalpur Foundry Project, the representative of the Ministry gave the following information:

Buildings	Rs. 5.31 lakhs
Plant & Machinery	Rs. 1.33 lakhs
Raw Material	Rs. 3.69 lakhs
Contingencies	Rs. 20 lakhs

Restating that they were utilising all these raw materials except steam coal and limestone, he informed the Committee that the loss due to deterioration of limestone would come to Rs. 5,000. As regards the expenditure on establishment, he stated that as the foundry was not established, they had incurred only installation charges. They had not employed any extra staff for operating it.

71. In reply to a question as to who was the officer who took the decision to purchase the raw materials etc. the General Manager, Posts and Telegraphs Workshops stated that *apropos* the decision taken by the P. & T. Workshops Board on 25th November, 1954 that the General Manager should take all steps to start the foundry by January, 1955, orders were placed for raw materials. In December 1954, instructions were issued to the General Manager, Posts and Telegraphs Workshops by the Chief Engineer, P. & T. who was also the Chairman, P. & T. Workshops Board to go slow in view of the proposal to set up a workshop at Maithon. As regards recruitment of staff, the General Manager, P. & T. Workshops elucidated that they had a workshop at

Jabalpur which employed about 1,600 persons. The foundry was only an additional activity. He added that they did not recruit any staff specifically for this foundry, as they had thought of getting some men from Alipore Workshop. But those men were not willing to go to Jabalpur.

72. When questioned about the production of the existing P. & T. Foundry, the representative of the Ministry explained that production had lately increased from an average of 250 tons per month to 320 tons. He added that they were introducing a study of time and motion in the P. & T. Workshops. They were also trying to get trial orders from outside and had recently booked an order from Railways to the tune of Rs. 1.8 lakhs.

Unsatisfactory store-accounting in the P. & T. Department.—Item 16.—Para 28(i) of the 13th Report & Para 60 of the 22nd Report.

73. In para 60 of their 22nd Report, the Committee had desired that a target date should be fixed for clearance of arrears in stores accounting. The Committee wanted to know as to why these targets were not adhered to and what were the difficulties. The representative of the Ministry stated that according to the information available with him, the reconciliation of the discrepancies of balances in the price ledger had been completed upto 1956-57. As regards 1957-58, 7,128 items were pending.

Defective stock-verification and delay in disposal of discrepancy statements and irregular auction sale of stores.—Items 17 and 18.—Paras 62 and 66 of the 22nd Report.

74. As regards the disciplinary action taken against the two Assistant Engineers found responsible for irregular auction sale of stores, the Committee were informed that one had been censured, while the other had been removed from service with effect from 12th February, 1958.

The Committee then enquired about the working of the Technical Survey Committee set up by the P. & T. Department to ensure a more detailed review of the Stores declared surplus, referred to in Para 6 of the Ministry's note (Appendix XVII) under consideration. The Ministry's representative informed the Committee that he understood from the General Manager of P. & T. Workshops, who was also a member of the Committee, that it had worked well and thus proved its utility.

As regards the disciplinary action against the officials responsible for submitting "Nil" discrepancy statements, without actually verifying the stores the Ministry's representative informed the Committee that the stock holders had been censured.

Stock position—Item 19—Paras 69 to 71 of the 22nd Report.

75. The Committee desired to be informed of the latest position in regard to disposal of surplus stores. The Ministry's representative stated that out of Rs. 30 lakhs worth of stores, about Rs. 12.12 lakhs

worth were declared surplus and written off. Stores worth about Rs. 11 lakhs were also stated to have been sold at cost price and there was another Rs. 11.52 lakhs worth of stores which had been similarly sanctioned to be written off. In reply to a question, it was stated by the representative of the Ministry that only Rs. 77 lakhs worth of stock was in hand described as surplus. When asked as to whether the Surplus Stores Committee was functioning well, the Ministry's representative expressed his satisfaction. At this stage, the Comptroller and Auditor General, however, pointed out to the Committee that it was not so and that he was including a para criticising the working of the Committee in his next Audit Report.

Introduction of an effective Cost Accounting system in the P. & T. Workshops.—Item 22.—Para 92 of the 22nd Report and Para 23 of the First Report of Second Lok Sabha.

76. The Committee had desired to be apprised of the progress made in this behalf. While thanking the Committee for having stressed the need for introducing the cost accounting system, the Ministry's representative stated that Government were satisfied with the progress made in this connection. They were now able to control the cost at shop level even while the job was in progress. He added that the system was reducing their expenditure by making the whole management cost-conscious. Not only they were putting down the cost, but they were getting information regarding the costs, shop by shop, while the production was in progress to ensure proper control over expenditure. Asked as to whether the cost of production had been minimised, it was stated that it was too early to give concrete figures at this stage. The Committee were also informed that the Cost Accounts Officer who was appointed in April, 1956 started actual work only in September, 1956. The Committee felt that the period of two years for a newly appointed Cost Accounts Officer should be enough to show results. In this connection, it was stated that there were 2,669 items made in Alipore Workshops alone and that out of this the Cost Accounts Officer had only 131 items left to be examined.

77. Asked about percentage of variable and invariable overheads, the General Manager, P. & T. Workshops, explained that the overheads for each of the workshops at Calcutta and Jabalpur had been separated and consequently they were able to put the cost to where it belonged instead of getting it all mixed up. The other step which they proposed to take was to put down the overheads of the various shops in Jabalpur as well as in Bombay and this they were doing with effect from 1st October, 1958. He reiterated that the procedure whereby the management was kept informed about the cost even when the work was in progress would be extended to Jabalpur and Bombay Workshops in the next few months.

78. Asked about the average overhead percentage for the 3 workshops, it was stated that in Bombay it would be the highest being in the order of 320%. In Calcutta and Jabalpur it would also be the same, it might be a little less at Calcutta.

Indian Telephone Industries (P.) Ltd.

79. The Committee then proceeded to take up examination of para 43 of the Audit Report (Civil) 1957, Vol. I, relating to Indian Telephone Industries (P) Ltd., Bangalore.

Sub-para (i)—Outstanding Book Debts

80. Out of the total book debts amounting to Rs. 1,28,11,322 outstanding on 31st March, 1958, *a sum of Rs. 92,71,372, i.e., more than 72% was due from the P. & T. Department.* The Committee wanted to know the reasons for the large outstandings against the P. & T. Department and the steps taken to clear the outstandings which had involved the company in interest charges to the extent of Rs. 13·98 lakhs upto 31-3-1958. The Ministry's representative explained that the position had since improved. He added that the monthly sale of the Company was about Rs. 24 lakhs. According to the agreement with the P. & T. Department, 90% would be paid within a month of the issue of despatch receipt and 10% within the next 6 months. The Ministry's representative stated that taking Rs. 24 lakhs as monthly sales on the above basis, there would be a minimum of Rs. 38 to 40 lakhs outstanding.

81. Stating the latest position he said that out of the sum of Rs. 1,28,00,000, Rs. 88,00,000 were due from the P. & T. Department on 31-3-1958 and the balance from the Railways and Defence Departments. The Company, he added, had discussed the matter with the Department and they had agreed to make full payment on the issue of its despatch note. The Company, it was stated, proposed to take up this question with P. & T. also with whom the agreement was to last for five years. On 1st July, 1958, the outstanding against the P. & T. Department was stated to be Rs. 61·6 lakhs.

82. Asked whether the Indian Telephone Industries had not claimed interest from the P. & T. Department and other customers, the Managing Director, Indian Telephone Industries, stated that the 90% referred to was a relic of the past when goods were imported. In those days, he said, the practice was to pay 90% on the production of shipping documents and 10% when the goods were received and installed. The same practice was continued by the Indian Telephone Industries without entering into any regular agreement with P. & T. Department and this had caused accumulation of arrears. He pointed out that the P. & T. Department had been making quick payments since last year and, therefore, the outstandings had been reduced to Rs. 61 lakhs. The Managing Director, Indian Telephone industries, further stated that it could not come down lower than Rs. 10 lakhs in so far as P. & T. Department was concerned and that too, if the P. & T. Department agreed to pay 100% on receipt of goods. It was further disclosed that the monthly rate of supply was worth between Rs. 25 and 30 lakhs.

Asked why they were not charging interest from the customers, as was being done in commercial concerns, it was stated that even there that particular clause was seldom enforced. He, however, added that whatever interest they paid, it had to be added to the cost and the P. & T. Department had to pay it indirectly.

(ii) *P.A.B.N. Equipment.*

83. It was explained by the Managing Director, Indian Telephone Industries with regard to delay in reporting the damage that the testing literature about the new equipment had arrived long time after the equipment was received from U.K. There was some further delay even after the literature was received. He added that they had wrongly estimated the loss due to damage at Rs. 62,700. When the consignments were actually repaid, they found the loss to be less than Rs. 30,000, being the amount recovered from the Insurance Co. The actual cost, however, came to Rs. 27,000. Therefore, they had to refund Rs. 3,000 to the insurers.

The Managing Director of the Indian Telephone Industries assured the Committee that such cases would not recur since the equipment was now made in India and the literature was always supplied along with it.

(iii) *Losses.*

84. In December, 1954, a quantity of 1369 gallons of varnish purchased by the Indian Telephone Industries in previous years (1952 to 1953) was declared unsuitable for use as it had been kept in stock for a much longer period than its normal shelf life of only six months. This varnish was disposed of in auction on 20th January, 1955 and 21st March, 1955 for a sum of Rs. 1,055 resulting in a loss of Rs. 34,960 which was written off.

In extenuation, the Secretary to the Ministry (who is also the Chairman, Indian Telephone Industries) stated that though the actual consumption was only 0.7 gallons, the *A.T.E.'s had put it at 3.6 gallons. An explanation was called for this variation. But in the meanwhile the varnish got spoiled on the shelf.

Asked why they purchased 400 gallons in 1950 when the actual consumption was only 5 gallons, the *Managing Director, Indian Telephone Industries admitted that there was a lack of co-ordination and it was not necessary to order all the quantities of varnish during these years. Further, they had not at that time introduced stock control procedure.*

Asked as to whether any A. T. E. personnel were on their staff, the Managing Director, Indian Telephone Industries replied in the negative.

When asked as to whether they were trying to use, as far as possible, indigenous raw materials, it was stated that they had succeeded in

getting 75% of materials from sources in the country and that only 25% was imported.

In reply to a question, it was stated that Hindustan Cables did not manufacture the type of cables needed by them.

Loss caused due to delay in taking decisions for over 9 years.—Para 18 of the 22nd Report.

85. The Committee expressed their concern over the long delay.

Action taken in regard to cases of misappropriation of the value of Money-orders by an Extra-Departmental Branch Post Master.—Item 11—Para 32 of the 22nd Report.

86. The Committee desired to know what procedure had been evolved to check such misappropriations.

In a note (Appendix IV) submitted to the Committee in this case, it had been stated that a suitable procedure had been evolved in consultation with the Ministry of Finance, whereby non-payment of money-orders sent to the Excise and Customs authorities by the licensees would be reported periodically to the S.P.Os. concerned for prompt investigation. The Committee desired that the periodical report about the working of this procedure should be called for by the P. & T. Department.

Fraudulent transactions, embezzlements and misappropriation of sale proceeds of Post Office Certificates—Item 13—Paras 40, 43 and 47 of the 22nd Report.

87. With reference to Memo (Appendix IX) submitted by the Ministry, the Committee wanted to know the reasons for waiving the recovery of Rs. 2,280 from the Supervisor, Meerut. The representative of the Ministry stated this was done by the P. & T. Department in their capacity as appellate authority, when it functioned in a semi-judicial manner. The Ministry's representative pleaded that charges were not proved against him.

In reply to a question, it was stated that this person had since retired from service.

Alleged misappropriation of cash by a Treasurer of a Post Office—Item 14—Paras 53 and 54 of the 22nd Report.

88. In this case, 18 officials were involved against 14 of whom no decision regarding disciplinary action had yet been arrived at.

Excess payment of labour wages in Engineering Divisions in the U.P. circle—Item 27—Para 5 of the First Report of P.A.C. (Second Lok Sabha).

89. The Committee pointed out that although the representative of the P. & T. Department had told them on the 4th July, 1957 that the Post Master General, U. P. had been asked to fix responsibility on the persons concerned in this case, not much headway had been made and the matter was still pending for action by the Post Master General as stated in a note (Appendices XX and XXI) submitted to them.

The Committee were critical of the manner in which this case had been handled by the P. & T. Department.

Examination of the existing procedure for handling of cash and Postage stamps—Item 14(iii)—Paras 53 & 54 of the 22nd Report.

90. Regarding the system of checks and counter-checks in regard to handling of cash and postage stamps etc. in the Head and Branch Post Offices, as recommended by the Committee, they were informed that although certain matters affecting improvements in the checks were under consideration in the meantime orders had since been issued introducing certain changes in the existing procedure.

Infructuous expenditure on leasing rented accommodation for the location of offices—Items 21 and 49—Paras 87 of the 22nd Report and 31 of the First Report (Second Lok Sabha).

91. The Committee considered the note furnished by the Ministry in this case (Appendix XXXII). They were informed that the building in question had since been vacated and vacant possession given to the landlord in April, 1958. Asked about the owner's claim regarding the cost of repairs, etc., the Ministry's representative stated that the P.M.G. had been asked to consult the Law Officers in this behalf and take appropriate steps.

(The witnesses withdrew).

Consideration of Draft Reports by the Committee

92. Before the Committee rose, the Chairman outlined the procedure he proposed to follow in the matter of consideration of the Draft Reports of the Committee. He observed that the minutes of each sitting of the Committee prepared by the Secretariat would be circulated to the Working Group concerned, so that they might look into them and offer their comments thereon, if any. On this basis the draft report would be prepared by the Secretariat and referred to the Working Group concerned who would place it before the main Committee along with their comments. This would facilitate not only the passing of the Report by the Committee but also save a lot of

time and avoidable discussion on minor and unimportant issues. The draft Report would then be circulated to the Committee more or less a week in advance of the date fixed for consideration of the report by them. The Committee could take up the Report Chapter by Chapter and approve it after such modifications as they might consider necessary.

*On-the-spot study visits by Working Groups to the various Projects/
Undertakings coming within their sphere of work.*

93. The Chairman suggested that the various Working Groups might visit the Projects/Undertakings etc., with which they were concerned for an on-the-spot study. In case, any other member not belonging to a particular Group desired to join that Group in their Study tour for a special reason that could be arranged.

The Committee adjourned *sine die*.

PROCEEDINGS OF THE THIRTY-FIRST SITTING OF THE
PUBLIC ACCOUNTS COMMITTEE HELD ON SATURDAY,
THE 1ST NOVEMBER, 1958.

94. The Committee sat from 10.00 to 13.40 hours.

PRESENT

Shri N. G. Ranga—*Chairman.*

MEMBERS

2. Dr. Ram Subhag Singh
3. Shri Arun Chandra Guha
4. Shri N. R. M. Swamy
5. Shri Rameshwar Sahu
6. Shri T. Sanganna
7. Shri Upendranath Barman
8. Shri Prabhat Kar
9. Shri Raghubar Dayal Misra
10. Shri H. C. Dasappa
11. Shri Khushwaqt Rai
12. Shri N. Siva Raj
13. Shri Amolakh Chand
14. Shri T. R. Deogirikar
15. Shri S. Venkataraman
16. Shri M. Govinda Reddy
17. Shri M. Basavapunnaiah

Shri A. K. Chanda, *Comptroller & Auditor General of India.*

Shri A. Kalyanaraman, *Deputy Comptroller & Auditor General of India.*

Shri P. K. Basu, *Director of Audit, Defence Services.*

Shri G. Swaminathan, *Accountant General, Central Revenues, New Delhi.*

Shri P. V. R. Rao, *Director of Audit F.R.S.C.S. & M.*

Shri P. H. Bhandari, *Director of Commercial Audit.*

SECRETARIAT

Shri V. Subramanian—*Deputy Secretary.*

Shri M. C. Chawla—*Under Secretary.*

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95. Thereafter, the Committee considered and approved the following Draft Reports:—

- (i) Draft Tenth Report on the Excesses over Voted Grants and Charged Appropriations disclosed in the Appropriation Accounts (Civil), 1955-56.
- (ii) Draft Eleventh Report on the Appropriation Accounts (Posts and Telegraphs), 1955-56 and Audit Report, 1957—Part II.

The Committee authorised the Chairman to sign these Reports and to present them to the Lok Sabha.

The Committee also authorised Shri M. Govinda Reddy to present these Reports to the Rajya Sabha.

The Committee then adjourned *sine die*.

APPENDICES

APPENDIX I

Statement showing action taken or proposed to be taken on the previous recommendations of the Public Accounts Committee: Ministry of Transport and Communications (Department of Communications) and D.G., P. & T.

Serial No.	Item No. as per summary of recommendations	Para No. of Report	Ministry/Dept. concerned	Particulars of Item	Remarks of Ministry	Comments of the Committee
						47
1	2	3	4	5	6	7
1	43 (See S. No. 43 also)	61	Finance/ Communications.	<p><i>10th Report (Accounts for 1950-51)</i></p> <p>The Ministry of Finance (Communications) should carefully examine the extent to which the element of delay in the execution of this Project is likely to effect its remunerativeness at the time of revision of the 1949 estimates, which were stated to be under consideration of the Government.</p>		
2	46	65	Do.	<p>The holding of stores worth about Rs. 95 lakhs by the I.T.I. shows a lack of proper planning and foresight on the part of the previous</p> <p>A note has been submitted (Appendix XXV). The Ministry have come to the conclusion that it is not</p>		

1	2	3	4	5	6	7
				management in investing lakhs of public money in indiscriminate purchases. The Committee should like to know the disciplinary action taken against the officials at fault.	possible to fix responsibility for the over-stocking on any particular officer or officers. The Ministry are also satisfied that there is no evidence to prove any <i>mala fide</i> against any officer responsible for ordering of materials for production or construction.	
3	15	29	P. & T. Deptt.	<i>Thirteenth Report (Accounts for 1950-51 and 1951-52)</i>	A memo was submitted to the Committee—Appendix XXVII of 13th Report, Vol. II. The Committee had desired a further note. This note has been submitted. (Appendix I, of First Report of Second Lok Sabha.)	See comments ⁴⁸ against S. No. 14.
4	¹ (See S. No. 25 also.)			<i>Twenty-Second Report (Accounts for 1953-54)</i>	All Ministries	No comments.

5	2	3	5	Do		
6	3	5	5	Do		
5	2	3	5	Do		

asked for by the Committee with-in the time schedule laid down for the purpose. With the passage of time the utility of examination of such material by the Committee is considerably reduced.

The Committee would like to watch the results of the measures adopted by the P. & T. Department for bringing down the number of non-budgeted works by enhancing the ceiling for minor works.

No comments.

D. G., P. & T. have stated Every effort is being made to keep down the non-budgeted works to the absolute minimum.

(i) Though the number of cases of frauds and the amount involved appears small in comparison to the total volume of business, the Committee would like to point out that the proportion of cases in which employees of the Department were involved preposterous and the cases where disciplinary action has not been taken are numerous. They would, therefore, urge that in the matter of taking disciplinary action against official responsible for these losses and frauds, both speed and firmness are essential. In action over long periods and undue tolerance will defeat the purpose in view.

(ii) The Committee also desire that a report on the disposal of the pending cases should be submitted to them at the time they take up next year's Accounts.

See para 3 (Introduction).
of the Report.

Suitable instructions have been issued. Heads of Circles have been requested to ensure that there is no delay on the part of the investigating officers to initiate and finalise departmental proceedings against officials for losses or frauds.

Awaited.*

A *Report will be submitted to the Committee.

1	2	3	4	5	6	7
7	5	10	D. G. P. & T.	(i) The Committee are amazed to observe that it should have taken the Posts and Telegraphs Department 9 years to deal with the cases referred to in Para 2 of Audit Report (P. & T.) 1955—Part I regarding fraudulent withdrawals from the Defence Savings Bank Accounts. They are also concerned at the erratic manner in which the Departmental action had been started in this case.	A Memo. has been submitted. See Comments against S. No. 45.	
				(ii) The Committee also regret that although more than five months have elapsed, the D.G. P. & T. have not so far been able to furnish either the note promised by them or the information called for by the Committee. The Committee, therefore, reserve their comments on this case till they are placed in possession of the full facts.	Note submitted. (Appendix XXVII).	
8	6	14	Do.		(i) The Committee very much deplore the manner in which the case referred to in Para 3 of the Audit Report (P. & T.) 1955—Part I relating to loss due to delay in taking action against the extra-departmental Branch Post Master, has been handled by the Posts and Telegraphs Department at different stages. They are constrained to observe that not only had the Senior Superintendent of	See Comments against S. No. 46.

<p>Post Offices failed to exercise his powers and to take responsibility in this case, but neither the Post Master General, nor the Director General, Posts and Telegraphs pointed out this failure on his part when the case was referred to them. On the other hand, the Post Master General also did not take a decision in the matter and referred the case to the Director-General, Posts and Telegraphs for orders, who in turn, took another 10 months before coming to a decision.</p>	<p>(ii) The Committee feel that this case typifies the reluctance on the part of the Officers to take decisions and assume responsibility where it belongs to them. The Committee would like Government to impress upon all their subordinate officers the desirability of duly exercising the powers vested in them and take serious notice of cases where responsibility is shirked by Senior Officers.</p>	<p>Cabinet Sectr. (O&M/Dn.) have issued necessary instructions in this regard to all Ministries. (Appendix XXXIX.)</p> <p>No comments.</p> <p>The Committee may be apprised of the latest position as regards the review of provisional pricing and issue of supplementary schedules of rates.</p>
<p>D.G., P. & T. All Ministries.</p> <p>15</p>	<p>Ministry of Communications. Indian Telephone Industries (Private) Ltd.</p> <p>27</p>	<p>A Memo. has been submitted. (Appendix XXX.)</p> <p>The Committee would like to be apprised in due course of the result of (a) the review of provisional pricing of equipment supplied by I.T.I. to the P. & T. Department stated to have been undertaken by the Costing Unit of the Indian Telephone Industries and (b) the application of the Rate List issued by the I.T.I. for the new items of equipment to be supplied to the P. & T. Department.</p>
<p>8</p>	<p>8</p>	<p>The Committee may be apprised of the latest position as regards the review of provisional pricing and issue of supplementary schedules of rates.</p>

2	3	4	5	6	7
9	29	D.G., P. & T.	<p>The Committee feel that the review of important cases affecting the revenues of the P. & T. Department should not be left to chance or memory, but a systematic procedure should be devised to ensure that such cases are reviewed when due.</p>	<p>D.G., P. & T. have issued suitable instructions, (O.O. No. 41, dated 29-10-1956).</p>	<p><i>See S. No. 48,</i> <i>See paras 20 and 21</i> <i>of the Report.</i></p>
10	32	D.G., P. & T.	<p>(i) The Committee would like to be apprised in due course of further progress in the case referred to in Para 4 of Audit Report, 1956 Part I relating to the misappropriation of the value of money Orders by an extra-departmental Branch Post-Master in so far it related to the institution of Departmental action against the Post-Master and the result of the appeal preferred by him in the High Court.</p> <p>(ii) In the meantime, the Committee would suggest that with a view to preventing the recurrence of such cases of misappropriation of cash, the Posts and Telegraphs Department should in consultation with the Government Departments/Bodies on whose behalf they collect such payments evolve the procedure whereby the P. & T. Department could get at regular intervals, a report of cases of non-receipt of payments</p>	<p>Notes have been submitted. (Appendices III and IV.)</p> <p>Instructions have been issued. (Appendix V.)</p>	

See paras 22 and 23
of the Report.

11	36 & 37	Ministry of Communications. D.G., P. & T.	<p>(i) The Committee are puzzled by the variety of explanations given for the decision to suspend the operation of the Jubbulpur Foundry in February, 1955, after incurring about Rs. 4 Lakhs on the purchase of raw materials in January, 1955. In the context of the retarded progress of the scheme the Committee see little justification for incurring very substantial expenditure on purchase of raw materials.</p> <p>(ii) The Committee are surprised to observe that the proposal for the abandonment of the Foundry in February, 1955 was not even referred to the Ministry of Finance.</p> <p>(iii) The Committee should like to be informed of the final outcome of the Workshops Board's examination of the proposal for utilisation of the foundry shed in the Telegraph Workshops and (iv) of the circumstances in which the Chief Engineer advised the General Manager to postpone the operation of the foundry till the proposal for opening of a new Workshop at Maithon was examined in greater detail about which there is no provision in the final proposal for the Maithon's Project.</p>
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1	2	3	4	5	6	7
13	12	40	D.G., P. & T.	<p>(i) The Committee would like to be informed of the Departmental action against the delinquent postal Officials and the steps taken to make good the loss caused by the fraudulent encashment of 12-year National Saving certificates.</p>	A note has been submitted. (Appendix VIII.)	See paras 24 and 25 of the Report.
43	Do.			<p>(ii) The Committee feel that without counterchecks, the system of accounting in sub-Post Offices is open to risks and desire that steps be taken by Posts and Telegraphs Department to devise a method by which recurrence of such frauds could be prevented. They would also like to be apprised of the result of the disciplinary proceedings instituted against the officials at fault in the case reported in sub-para (ii) of Para 9 of Audit Report 1956—Part I.</p>	Notes submitted to the Committee. (Appendices IX, X, XI).	
47	Do.			<p>(iii) The Committee fail to understand why action against the remaining two officials could not be taken so far. They desire that action against them should also be expedited and a note submitted to the Committee in due course.</p>	A note has been submitted. (Appendices IX & XXVII).	The recoveries may be watched by Audit.
				<p>(iv) The three cases commented in para 9 of Audit Report (P. & T.) 1956 Part I indicate that besides procedural defects, there has</p>	A note has been submitted. (Appendix XIII.)	A copy of the final instructions issued in the matter of tightening of checks and
				See also item 14 (iii)		

obviously been a lack of proper supervision and inspection on the part of the immediately higher authorities. The Committee, therefore, suggest that supervision over the handling of cash transactions in the Post Offices should be strengthened and the frequency of inspection be increased.

Do.

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(i) The Committee desire that adequate action should be taken against the Inspecting Officers concerned for their failure in discovering the fraud committed by the Treasurer in the Head Post Office.

(ii) The Committee should also be informed in due course of the result of the appeal preferred in the High Court as also the action taken against other officials whose contributory negligence resulted in the misappropriation of public money in this case.

(iii) The Committee would further like the P. & T. Department to examine the existing procedure for handling of cash and postage stamps etc. in the Head and Branch Post Offices and tighten the checks and counter-checks to be exercised by the local officers and the Inspecting staff. A note stating the action taken in this respect may be furnished to the Committee.

counter-checks over cash transactions in the Post Offices may be furnished to the Committee.

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See paras 26 and 27
of the Report.

See Comments against
item 13(iv) *ibid.*

1	2	3	4	5	6	7
15	15	57	D.G., P. & T.	The Committee trust that it would now be possible for the Posts and Telegraphs Department to prepare a balance-sheet of the Postal Life Insurance Organisation on commercial lines to be appended to the Appropriation Accounts (P. & T.) for the next year.	Efforts are being made to expedite preparation of the Balance-sheet of the Postal Life Insurance Fund.	See paras 15-17 of the Report.
16	16	60	Do.	In the opinion of the Committee the plea that non-availability of personnel and accommodation hindered in the clearance of the arrears in stores, can be hardly considered as valid. They feel concerned about the dilatory manner in which the problem is being tackled. They would urge that a target date should be fixed for completing the work and the same adhered to.	A target date has been fixed to complete the work and efforts are being made to adhere to the same.	See paras 28-30 of the Report.
17	17	62	Do.	The Committee desire that the P.T. Department should impress upon all the officers concerned the urgency and importance of the expeditious disposal of discrepancy statements. They consider it a serious matter that false statements should have been furnished without actually verifying the stock. They would, therefore, like to be informed about the progress of the disciplinary action against the officials responsible.	Notes have been submitted. (Appendices XV and XVI)	See paras 31-33 of the Report.

Note submitted.
(Appendices XVI and XVIII)

The Committee desire to be (i) informed in due course of the disciplinary action taken against the officials for submitting an incorrect "Stores for disposal" memo." and of the responsibility of Members of the Surplus Stores Committee in not actually surveying the articles in question ; and

(ii) furnished with a note stating the remedial measures that the P.&I. Department propose to adopt to safe-guard against such lapses in future.

(i) The Committee would once again stress the urgency of speedy disposal of all surplus stores. In this connection they would reiterate their oft-repeated observation that the maintenance of excessive stocks involved the taxpayer in a fourfold loss : loss of interest on capital unnecessarily locked up ; loss arising from the possibility of the stores becoming obsolete and unsaleable or disposable only at a rate lower than the cost price ; expenditure on care and maintenance staff besides expenditure on storage accommodation.

(ii) The Committee would like to be informed of the latest position in regard to the disposal of workshop stores still lying undisposed of.

See paras 34 and 35 of
the Report.

A memo has been submitted
(Appendix XIX)

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71	Do.					
21	82	D.G., P. & T.				
22	87	Communications.				

(iii) The Committee also feel that the present procedure followed by the P.&T. Department in the disposal of surplus stores is cumbersome and dilatory. They would suggest that the P.&T. Department should examine the whole procedure in consultation with the Ministry of Finance and Works, Housing and Supply with a view to making it more expeditious and effective.

The Committee would like to be apprised of the developments to be effected in the matter of adequate supply of forms to the P.&T. Department as a result of the Report by the Committee set up by the Ministry of Works, Housing and Supply to examine the supply, printing and distribution of forms and stationery.

The Committee trust that the Ministry of Communications will persuade the West Bengal Government to provide alternative accommodation to the un-authorised squatters and thus get themselves relieved of further liability in respect of the building rented by the P.&T. Department in 1948 on account of which they have already incurred an infructuous expenditure of Rs. 7.2 lakhs. The Committee would like to be apprised of

²¹
(See
S. No.
49
also)

A further report on the method of installation of Rotaprint machines in the various Postal Circles may be furnished.

A Memo. has been submitted (Appendix XXXI)

No Comments

A note has been submitted.
(Appendix XXXII)

				See paras 41-43 of the Report.
24	92	D.G., P. & T. (See S. No 142(ii) also)	Do.	The Committee would like to watch the effect on the progress achieved towards the maintenance of cost accounting system in the P.T. Workshops as a result of the appointment of the Cost Accounts Officer.
23	95			The Committee trust that the cumulative effect of all the measures taken by the P.T. Department for speeding up recoveries of outstanding telephone revenue would result in improving the situation and they would be presented with a better picture at the time they next take up examination of the P.T. Accounts.
25				<i>First Report (Second Lok Sabha Accounts for 1954-55)</i>
24	1	D. G., P. & T. (Introduction)	D. G., P. & T. Home Affairs.	The Committee observe that disciplinary proceedings against the delinquent officials involved in cases of losses, frauds etc., have been delayed. While they appreciate the difficulties expressed by the Posts and Telegraphs Department in this respect the Committee feels that such difficulties are not insurmountable. They trust next year's accounts will show improvement in this respect.
25	2	D. G., P. & T. (Introduction.)	D. G., P. & T. Min. of Transport & Com.	The Committee regret that information desired by them in regard to certain cases was not received by them in time for drafting their
				See paras 3 (Introduction) of the Report.
				No comments.
				No comments.
				No comments.

1	2	3	4	5	6	7	
26	3	3	Transport & Com. /Finance (Com)/ All Ministries.	<p>report. They had, therefore, to defer consideration of these cases.</p> <p>(i) The Committee are not satisfied with the explanations given for savings under grant No. 111. In their opinion the tendency to provide funds in the Budget Estimates on the basis of the plan targets without a realistic appraisal of spending capacity would only hamper the progress of the Plan by locking up funds which could be profitably utilised elsewhere. This tendency is noticeable in other Ministries also. A more accurate estimation of the spending capacity is very necessary especially in the context of the present financial stringency and it is hoped all Ministries will take due note of the observations of the Committee in this regard.</p>	<p>Suitable instructions issued by D.G.P&T. (Appendix XXXIV)</p> <p>No comments.</p>	<p>68</p> <p>A memo has been submitted. (Appendix XXXV)</p>	<p>No comments.</p> <p>Do.</p> <p>No comments.</p>

27	4	5	Do.	In the opinion of the Committee the primary irregularity in the case referred to in para 2 of Audit Report, 1957 Part I was that the payment had been made contrary to the existing instructions issued by the P. & T. Department. The fact that it has since been possible to work at the local rates strongly supports the view that there has been avoidable extra expenditure. The Committee, therefore, desire that the P.&T. Department should investigate this case and fix responsibility on the persons concerned for making payments at higher rates without recording reasons.	Notes have been submitted. (Appendices XX and XXI)	May be awaited.
28	5	6	Transport & Communications/D.G., P.&T.	The Committee deplore the purchase of material in the case referred to in para 3 of Audit Report P.&T. 1957 Part I without reference to stock in hand. The Committee desire that the department should take prompt steps to guard against such lapses. They would also like to know the action taken by the P.&T. Department against the persons responsible for over-indenting of cloth.	A memo will be submitted to the Committee.	The observations of the Committee have been taken note of.
29	6	7	Do.	The Committee are unable to appreciate the reasons for subsequently abandoning the proposal to acquire the building after protracted negotiations. The infructuous expenditure could have been avoided if the department had	No comments.	

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30	7	8	D.G., P.&T.	<p>before examining the question of purchasing the property made full enquiries into the title of the property and the price acceptable to the vendor.</p> <p>(i) The Committee observed that in the case referred to in para 5 of Audit Report, 1957, Part I, even though it was known that the refugees had occupied the sheds and out-houses by September, 1949, adequate security measures were not taken to protect the remainder of the property at the time of vacating it in June, 1951.</p> <p>(ii) While the Committee appreciate the legal complication in the case, they cannot but express their concern at the large infructuous expenditure which still continues to be incurred in the rental of these buildings. They would once again stress the urgency of finding a solution to save the Exchequer from this recurring liability and the Government of West Bengal should be strongly urged to help in a final solution of this tangle.</p>	<p>A note has been submitted. (Appendix XXXVI)</p> <p>A note has been submitted (Appendix XXXVII)</p>	62 62 62 62	<p>The Committee may be apprised of the latest position in the matter.</p> <p>Do.</p>
9							
31	8	D.G., P. & T.					<p>The Committee disapprove the manner in which the equipment was purchased in the case referred to in para 6 of Audit Report, 1957 Part I, without proper planning</p> <p>Suitable instructions issued. (Appendix XXXVII.)</p>

				Further information as permitted in the con- cluding portion of the Memo may be furnished.
9	12	Do	A Memo has been submitted. (Appendix XXXVIII).	Awaited.
	13	Do	(i) The Committee reserve their comments in the case referred to in para 7 of Audit Report, 1957 Part I till the information desired by them is made available by the D.G., P.&T. (ii) The Committee desire that the D.G., P.&T. should keep a strict watch on all works under- taken without prior financial sanction.	A Memo will be submitted to the Committee.
	14	Do, D.G., P & T.	The Committee would like to be apprised of the final outcome of the proceedings against the Mana- ger of the Depot and the contractor involved in the case referred to in para 8 of Audit Report, 1957 Part I.	A note has been submitted. (Appendix XXXIX).
	15	Do	The Committee wish to reiterate the importance of expeditious depart- mental action against the delinquent officials involved in frauds in Post Offices and trust that the P. & T. Department will take steps to achieve this end. They would like to be apprised of the final out- come of the case referred to in para 10 of Audit Report, 1957 Part I.	See para 3 (Introduction) of the Report. Fur- ther report regarding departmental action against the delinquent officials concerned may be furnished to the Committee.

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35	12	16	D.G., P & T/Home Affairs.	The Committee suggest that it will be conducive to better discipline if departmental proceedings are started against delinquents simultaneously with the police enquiry.	Note* will be submitted.	(See para 3 Introduction of the Report.
36	13	17	D.G., P&T.	The Committee were informed that the existing system of payments in Saving Banks Accounts was inherently defective. They desire that P. & T. Department in consultation with Audit should urgently consider the revision of the procedure with a view to obviate the possibility of recurrence of such frauds. They would also watch further developments in the particular case.	Notes have been submitted. (Appendices XL and XLII).	The Committee should be informed about the final decision taken to evolve a suitable procedure to eliminate frauds in Savings Bank Branches of Post Offices.
37	14	18	Do	(i) The Committee would like to know the outcome of the court case in due course. (ii) The Committee are led to the view that the entire Savings Bank procedure in Post Offices needs a thorough examination with a view to better safe-guarding of the interests of the State while at the same time effecting simplifications in the procedure in interests of the depositors.	(i) A note has been submitted. (Appendix XLII). Notes have been submitted. (Appendices XLII and XLIII)	The Committee should be informed about the further progress of the case pending before Court. See comments <u>against</u> S.No. 36 <u>Ibid.</u>

38	15	19	Do	The Committee would await the results of the Departmental investigations in the case referred to in the para 13 of Audit Report, 1957 Part I. At this stage, the only comment which the Committee like to make is that although more than three years have elapsed very little progress appears to have been made.	A note has been submitted. (Appendix XLIV).	The latest position regarding the departmental action taken against the officials concerned should be intimated to the Committee.	5
	20	39	D.G., P & T	The Committee see no reason why the outstandings of the Telephone Revenues could not be brought down considerably.	Every effort is being made to bring down the outstanding telephone revenues.	The Committee may be apprised of the progress so far made by the department to speed up recoveries of outstanding telephone revenues.	No comments.
	16	40	Transport Communications & D.G., P & T.	The Committee were concerned that delays in furnishing replies to Audit still continued. The Committee would reiterate their previous recommendations made in paras 38 and 84 of their First and Seventh Reports respectively and desire the P. & T. Department to impress upon all the officers the importance of prompt attention to Audit observations.	The Ministry have issued instructions to all concerned. (Appendix XLV).	The result of the experiments conducted for replacing the copper wire by aluminium wire should be intimated to the Committee.	
	17	21	D.G., P & T.	In view of the magnitude of losses of copper wire, the Committee would suggest that the P. & T. Department should study this problem in the light of measures adopted by other countries.	The question of re-placing the copper wire by aluminium wire is being examined and experiments are afoot.		
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42 S. o. 22 (o).	19	23	D. G. P. & T.	<p>(i) The Committee were concerned to see that despite repeated assurances given to them the state of store accounting in the P. & T. Department had not shown any improvement.</p> <p>(ii) The Committee were informed that the closure of work orders and preparation of labour and material schedules were in progress and the P. & T. Department expected to complete these by October, 1957 and December, 1957 respectively. The Committee trust that the P. & T. Department would be able to adhere to these target dates.</p> <p>They desire that progress report may be submitted to them.</p>	<p>(i) A memo has been submitted (Appendix XXIII).</p> <p>(ii) A memo has been submitted (Appendix XXIV).</p>	See paras 41-43 of the Report.
43 S. o. 22 (o).	20	25	Transport & Communications/ Finance (Com.)	<p>Comptroller and Auditor General of India.</p> <p>(iii) The Committee would also like that the comments of Audit on the revised procedure regarding inclusion of the customs duty in the price of stores adopted by the P. & T. Department be reported upon in the next year's Audit Report.</p> <p>The Committee should be furnished with the information desired by them. (Remunerativeness of the Calcutta Telephone Automation Project).</p>	<p>A note has been submitted (Appendix XXII).</p> <p>A note has been submitted (Appendix XXII).</p>	See paras 39 and 40 of the Report.

<p>44 See S. No. 3 (so).</p>	<p>21</p>	<p>26</p>	<p>Transport & Communications.</p>	<p>The Committee would like to be informed of the progress in the reconstruction of the accounts of the Telephone expansion project in the Bombay Telephone District.</p>	<p>Notes have been submitted (Appendices XLVI and XLVII)</p>	<p>Further progress made in the closure of accounts of various estimates forming part of this project may be intimated to the Committee.</p>
<p>45 See S. No. 7 (so)</p>	<p>22</p>	<p>27</p>	<p>Transport & Communications. and D.G., P. & T.</p>	<p>The Committee are surprised that the Senior Superintendent, Post Offices, should have thought it fit to reinstate the official on compassionate grounds pending completion of disciplinary proceedings against him. In their opinion, the Senior Superintendent had gravely erred in allowing his judgement to be influenced by compassionate considerations instead of the merits of the case and the larger interest of the administration.</p>	<p>A note has been submitted. (Appendix XXVI)</p>	<p>The Committee would await a further report in this case.</p>
<p>46 See S. No. 8 (so)</p>	<p>23</p>	<p>28</p>	<p>Do.</p>	<p>The Committee would like to be informed of the action taken against the officers concerned in this case.</p>	<p>Note submitted. (Appendix XXVIII)</p>	<p>The Committee desire that the disciplinary action should be taken against the persons concerned who had contributed to the delay of 9 years in reaching a decision in this case.</p>
<p>47</p>	<p>24</p>	<p>29</p>	<p>Do.</p>	<p>The Committee desire that the disciplinary action should be taken against the persons concerned who had contributed to the delay of 9 years in reaching a decision in this case.</p>	<p>Note submitted. (Appendix XLVII)</p>	<p>A decision has been taken not to take disciplinary action. Suitable instructions issued.</p>

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48 (See S. No. 10 also)	25	30	Transport & Com- munications and D.G., P. & T. of office	The Committee trust that the instruc- tions issued by P. & T. Department for timely review of cases involving financial impleca- tions and those laid down in the Central Secretariat Manual of Office Procedure to safeguard the loss of official records would be strictly followed in future.	The instructions of the Com- mittee have been noted.	No Comments.
49 (See item 21 <i>ibid</i> also)	26	31	D.O.	The Committee observe that despite the protracted correspondence bet- ween the Government of India and West Bengal no tangible results have been achieved in getting the premises vacated.	A note has been submitted. (Appendix XXXII) The premises have since been vacated.	No Comments.
50		34	D.G., P. & T.	At the instance of the Committee, the P. & T. Department undertook to furnish the following information : (i) Reasons for the continuous loss in the Telegraphs Branch from the year 1953-54 and the dispro- portionate increase in expenditure as compared with the income. (ii) Reasons for the continued losses in the working of the Post Offices from the year 1948-49 onwards.	A note has been submitted. (Appendix XLIX). The pre- sent position of the working of the Postal Department seems to be satisfactory.	No Comments.

APPENDIX II

Summary of main conclusions/recommendations contained in the Eleventh Report (Second Lok Sabha) of the Public Accounts Committee on the Appropriation Accounts (P & T), 1955-56 and Audit Report (P. & T.), 1957, Pt. II.

Sl. No.	Para No. of Re- port	Ministries or Depart- ments concerned	Conclusions/recommendations
			4
1	2	3	
I	3 (In tro- duc- tion)	D.G.P. & T. All Ministries.	<p>The Committee have in the past committed upon the delays on the part of Government in taking disciplinary action against delinquent officials. Despite this, a number of cases have again come to their notice where considerable delays have occurred in finalising departmental action against the delinquent officials ; in certain cases such officials have retired from service before disciplinary proceedings were launched against them and in others disciplinary proceedings were initiated only after the Committee had suggested such action. The Committee deplore this state of affairs. The Departments are expected to investigate the irregularities as soon as they come to their notice and take suitable action against delinquent officials.</p> <p>Long delays in taking departmental action in such cases is not in the financial interests of the State as it involves payment of avoidable substantial subsistence allowance. The Committee trust the Posts and Telegraphs Department would look into the matter and impress upon their subordinate offices the necessity of prompt and adequate disciplinary action.</p>

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2	5	<p>Ministry of Transport & Communications (Department of Communications)</p> <hr/> <p>D.G.P. & T.</p>	<p>The Committee are not convinced of the reasons put forth in this case by the Ministry for taking up items of major work without prior financial sanction except in emergent cases. In their opinion, the standards of accuracy in budgeting in the Department are below expectations. Maintenance of Liability Registers in the form laid down by the Ministry of Finance for other Civil Departments would prevent cases of expenditure without provision being made.</p>
3	6	<p>Ministry of Transport & Communications (Department of Communications)</p> <hr/> <p>D.G.P. & T.</p>	<p>The Committee desire that a watch should be kept to see that instructions issued by the D.G.P. & T. are invariably followed by all Heads of Circles and Controlling Units and there is no laxity in such matters.</p>
4	9	Do.	<p>The Committee would like to be informed when they next take up examination of the Posts and Telegraphs Accounts the number of cases in which action has been taken by the D.G.P. & T. against the Engineering officers concerned who were responsible for violating the instructions issued by him in September, 1952, to the effect that no work should be undertaken without prior financial sanction except in emergent cases.</p>
5	10	Do.	<p>The Committee are surprised why the departmental witnesses appearing before the Committee should be oblivious of the decisions of the Ministry of Home Affairs in the matter of instituting disciplinary proceedings against the delinquent officials.</p> <p>The Committee would like to watch the results of the working of the revised procedure regarding Savings Bank which is being introduced by the Posts and Telegraphs Department</p>

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6	11	<p>Ministry of Transport & Communications (Department of Communications)</p> <hr/> <p>D.G.P. & T.</p>	<p>The Committee are not happy at the complacency of the Ministry regarding the percentage of cases of defalcations, losses etc., where departmental officials were involved and they feel that the existing procedure requires to be tightened up to bring down the percentage of losses due to departmental lapses.</p>
7	14	<p>Do.</p> <hr/> <p>Ministry of Finance (Communications)</p>	<p>The Committee do not see any justification for the delay in writing off the net loss sustained by the Department in this case. They desire that the matter should be settled speedily as otherwise it would be difficult for Government to take necessary action with regard to losses. Further, before sanctioning the write-off of the loss of Rs. 2.16 lakhs sustained by the Posts and Telegraphs Department on the running of grain shops, the Ministry of Finance should satisfy themselves about the causes leading thereto and also whether responsibility for acts of commission and omission on the part of the staff concerned has been fixed and disciplinary action taken against them.</p>
8	17	<p>Ministry of Transport and Communications (Department of Communications)</p> <hr/> <p>D.G.P.&T.</p>	<p>The Committee would like to be informed in due course about the further developments in this case.</p> <p>The Committee would like to watch the results of the steps taken to clear the arrears in respect of :</p> <p>(i) posting of unadjusted items to the ledger accounts of the Post Office Insurance Fund; and</p> <p>(ii) Classification of accounts and consequent arrears in the maintenance of Broad-sheet and other records of Civil Wing of the Post Office Insurance Fund through the next year's Audit Report.</p>

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9	19	D.G.P. & T. All Ministries.	The Committee deplore the manner in which matters which were to be dealt with by the senior officers at their level are being allowed to take their usual course. They stress that senior officers should take quick and prompt decisions especially in cases involving financial implications.
10	21	Ministry of Transport & Communications D.G.P. & T.	The Committee desire that periodical Reports about the practical working of the procedure since evolved in respect of cases of non-payment of money orders sent to the Central Excise and Customs Authorities by the licencees should be called for by the Posts and Telegraphs Department from the Central Excise and Land Customs Collectorates.
11	23	Ministry of Transport & Communications D.G.P. & T.	The case discloses want of careful planning on the part of the persons in the Posts and Telegraphs Department responsible for the formulation of the Jabalpur Foundry Project.
12	25	Do.	The Committee have noted that the same officer who had put forth proposals for the starting of the Foundry at Jabalpur advised within a year that the scheme might be abandoned.
			The Committee would like to be informed of the final outcome of the disposal of surplus materials and of the plant and machinery as well as the ultimate loss to Government on the abandonment of this ill-conceived Project and the action taken against the concerned officers.
			The Committee are concerned at the delay in taking action in regard to disciplinary proceedings against guilty officials. In certain cases it had taken 6 to 9 years to arrive at a final decision, while in some

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			other cases sterner action would have been more appropriate considering the gravity of the charges. By such delays, the guilty officials are enabled or allowed to retire from service by the time the responsibility is fixed.
13	27	Ministry of Transport & Communications D.G. P. & T.	The Committee should be apprised of the progress made in rec of the suggestions which were to be under consideration of the D. G. P. & T. for tightening the procedure for handling cash and stamps in the Head and Branch Post Offices.
14	30	Do.	The Committee regret to note that the target dates fixed for the clearance of arrears in store accounts were not being adhered to in spite of the fact that this matter had been pending for the last few years and the Committee had expressed concern over this. They trust that by the time they take up examination of the next year's Accounts, the arrears would be wiped off.
15	33	D.G.P. & T. All Ministries.	The Committee trust in all cases the results of disciplinary action such as censure, warning etc. are entered in the confidential Reports of the officers concerned.
16	35	Ministry of Transport & Communications D. G. P. & T.	The Committee would like to watch the working of the Surplus Stores Committee set up by the Posts and Telegraphs Department through the next Audit Report.
17	37-38	Do.	The Committee note that even after the lapse of about 10 months, the case relating to excess payment of labour wages in certain Engineering Divisions of the U. P. Circle remained in its preliminary enquiry stage although it involved an excess payment of Rs. 1,51,000/-.

